PROFIT SHARING IN THE UNITED STATES

BY

BORIS EMMET

A DISSERTATION
Submitted to the Board of University Studies of The Johns Hopkins University in Conformity with the Requirements for the Degree of Doctor of Philosophy
1917

WASHINGTON, D. C
1917

U. S. DEPARTMENT OF LABOR

BUREAU OF LABOR STATISTICS

ROYAL MEEKER, Commissioner

BULLETIN OF THE UNITED STATES BUREAU OF LABOR STATISTICS . . . WHOLE NUMBER 208

MISCELLANEOUS SERIES: No. 13

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DECEMBER, 1916

WASHINGTON
GOVERNMENT PRINTING OFFICE
1917

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INTRODUCTION.

The recognition of the desirability of a distribution of the profits of an enterprise so as to give to all the employees concerned with their creation a fair share is by no means of recent origin. Various reformers, some students of industrial problems, and often employers, have from time to time addressed themselves to a consideration of this problem with varying degrees of enthusiasm and zeal. Profit sharing, at times, has actually been advocated as the one and only method for the permanent solution of the so-called labor problem.

Although most of the profit-sharing theories have been put into operation, the appearance and disappearance of profit-sharing schemes have been so irregular and infrequent that one may not appropriately speak of a profit-sharing movement. Profit sharing, in so far as it does exist in the United States at the present time, appears as a component part of a larger and more significant phenomenon in our industrial life, to wit, the tendency on the part of employers to create conditions that would mitigate the frequent and often violent disputes between themselves and their employees, thus fostering the development of a larger spirit of harmony and cooperation, and resulting, incidentally, in greater efficiency and larger gains.

OBJECT OF THE STUDY.

The object of this study is to furnish as complete and detailed a picture as possible of the present status of profit sharing in the United States, presenting descriptively and statistically the following facts: (1) Extent of the application of the principle in American trade and industry; (2) nature or character of the existing plans with particular reference to (a) factors determining profits to be distributed and (b) conditions under which profits are paid to employees; (3) proportion of the total employed who participate; (4) occupations or types of employment of participating employees; (5) benefits accruing to participating employees; (6) cost of plans to the employers; and (7) results secured through workings of the plans with special reference to factors tending to improve relations between employer and employee and to increase the efficiency and stability of the working force.

Although this study endeavors to throw some light on the causes of the discontinuance of some of the profit-sharing plans known to have been in existence, it is in no sense historical, inasmuch as it does not concern itself in detail with the nature or character of the discontinued plans.

SCOPE OF THE STUDY.

In the course of this investigation all of the profit-sharing plans known to be in operation in the United States at the present time were carefully examined and analyzed. In addition to these, various other plans, popularly termed profit sharing, were studied. The latter, in the majority of instances, bear no direct relation to the profits of the enterprises in which they are in vogue, the divisible moneys depending almost wholly upon factors not at all in the nature of profits; as, for example, the length of service or wages or salaries, or both; wages or salaries and ownership of certain amounts of stock or of a savings account; general profitableness of the business and the skill of specific classes of employees coming under the plan; and, in some of the so-called stock subscription plans, upon the subscription for certain amounts of stock, the so-called profits under such plans accruing either by reason of the fact that the stock is offered to the employees at less than market price or through a special bonus per share for a limited number of years, from two to five usually, paid to subscribing employees who retain ownership of the subscribed or paid for stock, or both.

The common feature of all of the plans described in this report is the understanding among all concerned that the shares in the profit or the bonuses paid to the employees are separate and distinct from the employees' regular earnings, subject to change and withdrawal by the employer without notice, and with the qualifications for participation fixed at his discretion.[1]

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[1] The legal status of profit sharing, with particular reference to the rights of employees to compel employers to pay the shares as specified, after announcement, has never been definitely established by any of the State or Federal courts of record.

A considerable number of so-called profit-sharing cases, however, were brought to the attention of some of the justice courts in the State of Michigan. These suits were started by employees of one of the profit-sharing firms, who, for some reason or other, were disqualified from participation, the plaintiffs maintaining that the publicly announced profit-sharing plan of the establishment was equal to a contract of employment respecting wages, applicable to all employees of a specific class, that the employer, under such conditions, had no legal right to discriminate between different groups of employees, giving profits to some and denying them to others. The courts, however, sustained the contentions of the defendant to the effect that profit-sharing moneys are mere gratuities on the part of the employer, who therefore has the sole right of determining the conditions under which they should be paid, and, furthermore, if shares of profits were obtained in a fraudulent manner the moneys thus received may be recovered by the firm through a civil suit.

In accord with this point of view, apparently, are the regulations of the United States Treasury Department in the enforcement of the Federal income tax law. Under these regulations, profit-sharing or gain-sharing expenditures are not considered a part of the direct labor cost of an establishment to be treated as an expense. Such moneys are taxed in the same manner as any other income of the employer for the reason that their disposition is considered a mere gratuity on the part of the employer.

A case bearing on a question closely resembling that of profit sharing—the right of an employee to the amount of accrued pension money upon dismissal before reaching the specified age and service limit (McGevin v. Solvay Process Co., 32 App. Div., 610, affir. 166 N. Y., 530)—was decided against the employee and favor of the company.

Except in a casual way, this report does not concern itself with plans under which a part of the divisible profits are set aside as a common fund for purposes of the general welfare of the employees, such as, for instance, the development of recreation activities, improvement in the health of employees, or for the payment of sick benefits, old-age pensions, etc.

The report, furthermore, omits altogether the consideration of any plans under which the bonuses paid depend chiefly upon increases in individual efficiency as shown either in the output of work or in the amount of sales made, or upon savings individually effected in the cost of production or in the normal expenses of operation. Whatever the ultimate value of such plans may be, their nature is such that they can not properly be included among plans involving the application of the profit-sharing principle, even in the broadest sense of the term.

METHODS USED IN THE STUDY.

In the collection of the information upon which the results presented in this report are based, personal visits were made to each of the establishments that were reported as having profit-sharing or stock-subscription plans in operation for the benefit of their employees. The general nature of the plan, its object, and results achieved were discussed in each instance at great length with persons in direct charge; whenever possible, the originator of the plan was interviewed.

All the statistical results herein shown, particularly those indicating the proportions of participants of the total employed, benefits accruing to the employees, cost of the plan to the employer, and the occupations of the participants, are based upon data secured from original records of the respective firms. Furthermore, descriptive texts of specific plans distributed by the different companies and said to present the essential features of their plans, were carefully examined for the purpose of checking them with the actual facts as found upon the examination of the actual working of their respective plans.

As the principal aim of the study was to present a complete account of the present status of profit sharing, properly speaking, plans other than those properly so termed were introduced into this report either because they were associated in the public mind with the principle of profit sharing, i. e., the actual distribution of definite proportions of the net profits, or because their introduction seemed to afford the best means of indicating clearly the real nature of profit sharing, as distinguished from ordinary bonus plans under which the so-called divisible amounts bear no immediate relation to the profits of the business.

CLASSIFICATION OF PROFIT-SHARING PLANS IN OPERATION IN THE UNITED STATES.

Relatively few of the plans adopted by American employers for the purpose of giving their employees some remuneration in addition to their regular earnings can properly be classified as profit sharing as defined by the International Cooperative Congress.[1]

The following classification, based upon a close scrutiny of the detailed features of most of the plans in operation in the United States, was formulated and used throughout this report for convenience and clearness:

I. Profit sharing—Essential features:

1. Amount to be distributed varies with and depends upon the net profits of the enterprise or upon the amount of dividends paid to stockholders.
2. Proportion of profits to be distributed is definitely determined in advance.
3. Benefits of the plan extended to at least one-third of the total employed, and including employees in occupations other than executive or clerical.
4. Method of determining individual shares is known, at least in a general way, to the participating employees.

II. Limited profit sharing—Essential features:

1. Same as 1 in profit sharing.
2. Same as 2 in profit sharing.
3. Benefits of the plan limited to less than one-third of the total employed, and excluding employees other than executive or clerical.

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[1] The term "profit sharing," strictly speaking, was clearly defined by the International Cooperative Congress, held in Paris, France, 1889. According to this definition profit sharing involves "an agreement freely entered into, by which the employees receive a share, fixed in advance, of the profits."

In formulating this definition, the congress defined the term "agreement" as covering not only agreements binding in law, but as including also cases where the agreement is only a moral obligation, provided it is honorably carried out.

As to the meaning of the term "profits" in the definition of the congress, it was stated that profits should be understood as constituting "the actual net balance or gain realized by the financial operations of the undertaking in relation to which the scheme exists."

A "share" is stated by the same congress to be "a sum paid to the employee out of the profits." The amount of the share, it is further stated, "must be dependent upon the amount of the profits."

Another feature of profit sharing that received the careful attention of the congress was the provision, unanimously adopted, that "the share received by the employee shall be fixed in advance." It is not necessary that the employee shall know all the details of the basis upon which the amount of his share will depend. It is essential, however, that the share to be given to the employee shall not be indeterminate, that is, it must not be a share which an employer fixes, at the end of some period, at his absolute discretion, as distinguished from a prearranged basis.

The relative proportion of the total working force of a specific concern that must share in the profits in order to establish real profit-sharing conditions was stated by the same congress to be "not less than 75 per cent."

It is to be observed, furthermore, that the money received by an employee under any profit-sharing plan is to be received by him strictly as an employee for services rendered; the fact that an employee holds shares of stock or any other pecuniary interest in the business which employs him does not, in itself, constitute a case of profit sharing. (Bulletin de la Participation aux Bénéfices, Paris, Tome XIX, 1897, pp. 220-222, *cited by* D. F. Schloss, Methods of Industrial Remuneration, London, 1898, Ch. XVII.)

III. Bonus plans, popularly known as profit sharing, under which the divisible fund does not depend upon or vary with the net profits of the enterprise, but upon any one of the following factors:

1. Price for which commodity manufactured is disposed of—the so-called sliding-scale wage.
2. Gross receipts or gross profits—a variant of the sliding scale.
3. The estimated probable profits of the business.
4. Wages or salaries earned and length of service.
5. Length of service and thrift, as shown by the participant's ownership of some stock of the company, or maintenance of a savings account.
6. Savings of the prospective participants, as shown by a subscription or ownership of a specified amount of stock of the employing company or savings accounts.
7. Amount of savings collectively effected in production or operation.

The major part of the subject matter of this report thus falls into three main parts, as follows: (1) Profit sharing in the strict sense of the term; (2) limited profit sharing; and (3) bonus plans popularly known as profit sharing.

EXTENT OF THE APPLICATION OF THE PROFIT-SHARING PRINCIPLE IN THE UNITED STATES.

Profit sharing, properly speaking, i. e., as confined to plans under which distributions of specified proportions of the net profits of the enterprise are made to at least one-third of the total employed, does not appear to have reached any considerable proportions in the United States. The number of such plans known to be in operation at the present time does not exceed 60.[1]

The table following presents a complete list of establishments having profit-sharing plans in operation, giving location, nature of industry or business, and years of establishment of the plans.

[1] Mr. Aneurin Williams, honorary secretary of the Labor Copartnership Association of Great Britain, in his volume entitled "Copartnership and Profit Sharing," 1913, Henry Holt & Co., New York, Ch. VII, p. 146, gives as the reason for the slow progress of profit sharing in the United States the fact that "the material development of the country has been too rapid, the increase in the production of wealth too great, and the openings for men of ability, even without capital, too tempting, for many of the most active minds to concern themselves much with the improvements in industrial relations, and the system of sharing wealth."

ESTABLISHMENTS WITH PROFIT-SHARING PLANS IN OPERATION IN 1916.

Name of firm.	City and State.	Industry or business.	Year plan was established.
American Light & Traction Co.	New York, N. Y.	Public utility	1899
American Manufacturing Concern.	Falconer, N. Y.	Manufacturing wood novelties, letter files, toys, desks.	1915
Baker Manufacturing Co.	Evansville, Wis.	Manufacturing windmills and gasoline engines.	1899
Ballard & Ballard Co.	Louisville, Ky.	Manufacturing—Flour milling	1886
Ballinger & Perrot	Philadelphia, Pa.	Architects and building contractors	1911
Bartley, R. A.	Toledo, Ohio	Mercantile	1904
Benoit System	Bangor, Me.	....do	1914
Blood, J. B., Co.	Lynn, Mass.	....do	1909
Boston Consolidated Gas Co.	Boston, Mass.	Public utility	1906
Bourne Mills	Fall River, Mass.	Manufacturing cotton cloth	1889
Burritt, A. W.	Bridgeport, Conn.	Manufacturing—Lumber mill	1900
Cabot, Samuel	Boston, Mass.	Manufacturing chemist	1887
Carolina Savings Bank	Charleston, S. C.	Banking	1897
Chatfield Milling & Grain Co.	Bay City, Mich.	Manufacturing—Flour millers, grain dealers, etc.	1906
Cleveland Twist & Drill Co.	Cleveland, Ohio	Manufacturing drills, etc.	1915
Davis, W. B.	....do	Mercantile	1914
Eastman Kodak Co.	Rochester, N. Y.	Manufacturing photographic appliances and supplies.	1911
Edison Electric Illuminating Co.	Brooklyn, N. Y.	Public utility	1910
Elliman, D. L., & Co.	New York, N. Y.	Real estate brokers	1915
Empire Trust Co.	....do	Banking	1914
Farr Alpaca Co.	Holyoke, Mass.	Manufacturing cotton cloth	1914
Garfield Savings Bank	Cleveland, Ohio	Banking	1915
Graves, H. B., & Co.	Rochester, N. Y.	Mercantile	1901
Guardian Savings & Trust Co.	Cleveland, Ohio	Banking	1913
Harris Trust & Savings Bank	Chicago, Ill.	....do	1915
Hathaway, C. F., & Sons	Cambridge, Mass.	Wholesale baking	1912
Heebner & Sons	Lansdale, Pa.	Manufacturing agricultural machinery	1912
Hollenberg Music Co.	Little Rock, Ark.	Mercantile	1909
Ivey, J. B., & Co.	Charlotte, N. C.	....do	1909
Krauter, C. H.	Youngstown, Ohio	....do	1906
Kutztown Foundry & Machine Co.	Kutztown, Pa.	Manufacturing—Foundry and machine works.	1914
Lever Bros. (Ltd.)[1]	Cambridge, Mass.	Manufacturing—Soap	1909
Liberty Trust Co.	Boston, Mass.	Banking	1910
Maxwell, A. L., Co.	Lawrenceville, Ill.	Mercantile	1915
Milmore Corporation, The	South Bend, Ind.	Manufacturing chemists	1915
Miner-Hillard Milling Co.	Wilkes-Barre, Pa.	Manufacturing—Milling, flour, meal, grits, etc.	1906
Minneapolis Bedding Co.	Minneapolis, Minn.	Manufacturing beds and bedding	1915
Nelson, N. O., Manufacturing Co.	St. Louis, Mo.	Manufacturing plumbers' and steam fitters' supplies.	1886
New Haven Gas Light Co.	New Haven, Conn.	Public utility	1907
Newport Daily News	Newport, R. I.	Newspaper publishing	1901
Noyes, Chas. F., Co.	New York, N. Y.	Real estate brokers	1911
Parks, G. M., Co.	Fitchburg, Mass.	Contractors and builders	1915
Patton Paint Co.	Milwaukee, Wis.	Manufacturing paints	1910
Peninsular Paper Co.	Ypsilanti, Mich.	Manufacturing cover papers	1914
Plymouth Cordage Co.	Plymouth, Mass.	Manufacturing cordage	1913
Record Auto Supply & Service Co.	Washington, D. C.	Mercantile	1916
Sears, Roebuck & Co.	Chicago, Ill.	....do	1916
Simmons, R. F., Co.	Attleboro, Mass.	Manufacturing jewelry	1902
Simplex Wire & Cable Co.	Boston, Mass.	Manufacturing insulating wires and cables.	1901
Spencer Wire Co.	Worcester, Mass.	Manufacturing wire	1915
Stambaugh-Thomson Co.	Youngstown, Ohio	Mercantile	1912
Stevens, Samuel	Columbus, Ohio	....do	1912
Stern, Bernard & Son	Milwaukee, Wis.	Manufacturing—Flour milling	1913
Title Guarantee & Trust Co.	New York, N. Y.	Banking	1911
Tyler, W. S., Co.	Cleveland, Ohio	Manufacturing mining screens	1914
Underwood Typewriter Co., Inc.	New York, N. Y.	Manufacturing typewriters	1916
Union Savings Bank & Trust Co.	Cincinnati, Ohio	Banking	1901
United Electric & Water Co.	Hartford, Conn.	Public utility	1916
Vitagraph-Lubin-Selig-Essanay Co. (Inc.).	New York, N. Y.	Mercantile—Distributors of moving-picture films.	1915
Ward Baking Co.	....do	Bakers	1913

[1] This is the American branch of Lever Bros. (Ltd.), London, England, and its profit-sharing plan is a part of the profit-sharing plan of that firm.

The number of establishments that share some proportion of their profits with a few of their more important employees (limited profit sharing) greatly exceeds the number of establishments sharing profits with a considerable proportion of their employees (profit sharing). On account of the relatively small proportion of the employees affected by the limited profit-sharing plans, as shown on page 63 of this report, it was not deemed advisable to endeavor to compile a complete list of such establishments. The number of bonus plans popularly known as profit sharing, particularly those involving stock subscriptions or the payment of percentage bonuses on earnings, based upon the length of service, is large. In view of the fact, however, that such plans do not represent profit sharing, properly speaking, it was thought best to limit the discussion of them to an intensive study of a few selected representative groups of such plans.

PROFIT-SHARING PLANS.

DESCRIPTIVE AND STATISTICAL SUMMARY.

This section of the report deals with profit-sharing plans in the strict sense of the word as defined in the introductory part of this report. The nature of the plans here described and analyzed approximates very nearly the definition of profit sharing formulated by the International Cooperative Congress referred to in the footnote on page 8.

In the formal announcements made regarding the establishment of most of the plans included in this class, specific reference is usually to be found to the fact that the arrangement is voluntary on the part of the employer, that the management in the application of the profit-sharing principle still reserves to itself the absolute right to discharge or lay off, as well as to disqualify undeserving employees from further participation in the benefits of the plan. In one instance only, by reason of the contractual nature of the plan, may employees legally claim shares in the profits on the basis of the conditions specified in the agreement signed.

The matter of the employees' right to participate in the divisible profits is somewhat more elaborately specified under plans in which individual shares are paid in stock and where therefore the principle of labor copartnership becomes incidental to the operation of the plan. Under such plans, more than under any of the others, the rights of the participating employees are carefully formulated in writing and published for the guidance of both parties.

THE DETERMINATION OF THE PROFIT-SHARING FUND.

In about three-fourths of the plans the amount available for distribution depends upon and varies with the net profits of the business. By net profits, in a great majority of instances, is meant the residuum of profits after all so-called legitimate expenses, including depreciation and what is assumed to be a moderate return on capital, have been paid, the theory being that interest on capital is a charge similar in nature to wages to be met out of the gross receipts. In general two distinct methods are followed in determining the amount of divisible profits under the profit-sharing plans herein discussed. Briefly, these methods are as follows:

(1) *Specific proportion of the net profits or of the amount paid out in dividends to stockholders.*—The specific proportion of net profits that becomes available for distribution varies greatly with the different plans. Its range of variation is from 2 per cent (the lowest) to 100 per cent (the highest), as is the case in the plan described in detail on pages 37 to 44 of this report. As in many instances the specific proportion of profits to be distributed is not made public, it is rather difficult to state exactly the average proportion of profits that becomes available for distribution under most of the plans. It can be stated, however, with a fair degree of accuracy that within the range of variation just mentioned, the average for all of the plans studied would be about 10 per cent. In plans under which the divisible amount is dependent upon the amount paid out in dividends to the stockholders the range of variation is from one-tenth to one-third.

In one instance all of the net profit of the business over and above what is assumed to be a fair rate of return on the capital invested is distributed among the employees eligible to participation and the firm on the basis of total earnings of employees on the one hand and total interest on the capital invested on the other. In another instance (one of the oldest plans) capital receives what is presumed to be a fair return on the investment, the surplus of profit over and above this return reverting to a general surplus fund out of which, in amounts determined at the end of each year by the management, the divisible profits are drawn for distribution in equal proportions among the participating employees and consumers, the former sharing upon the basis of their earnings and the latter according to the gross profits on their purchases.[1]

(2) *Rate of dividend on earnings of employees equal in whole or in part to the rate of dividend paid on capital.*—In the majority of plans of this kind the rate of dividend paid on the earnings of employees varies from one-half to three-fourths of the rate of dividend paid to the stockholders.

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[1] A detailed description of the workings of this plan will be found on pp. 45 to 50.

The principal distinction between the different methods for the determination of the divisible fund above described is as follows: While in plans under which the divisible fund is dependent upon the net profits of the enterprise, the presence of profits at the end of the business period necessarily involves a distribution to the participating employees, such a distribution may not always take place under plans wherein the divisible fund depends upon dividends declared. For, even with the presence of large profits, the management may deem it more desirable to utilize them for purposes other than the payment of dividends, namely, to extend or enlarge the sphere of its business, in improving its physical properties, or, as it often happens, in creating surplus or emergency funds.

METHOD OF APPORTIONING DIVISIBLE PROFITS BETWEEN CAPITAL AND LABOR.

Generally speaking, the method of apportioning the divisible profits between capital and labor is determined at the outset by the employer, who in most instances announces that a certain fixed percentage of the profits, determined in a specified manner, will be distributed at the end of the business year among employees eligible to participate.

Very often, however, plans merely state that the divisible profits will be distributed between capital and labor in proportion as the total pay roll is to the total capital invested, it being assumed that these two factors—total capital invested and total wages—are similar in nature, inasmuch as the former measures the interest that capital has and the latter the interest of labor in the undertaking. Aside from the fact that theoretically these two factors are not at all similar—interest on capital corresponding more nearly, if at all, to wages—the above-mentioned method of distribution usually results in a distribution of the profit-sharing fund in the ratio of about 3 to 1, to capital and labor, respectively. For this reason the benefits accruing to employees, even under the most liberal profit-sharing plans, are not very large.

As opposed to the above-described basis of distribution of profits is the underlying principle guiding the distribution of profits under plan No. 5, described in detail on pages 37 to 44. It is the opinion of the management of the establishment in which this plan is in operation, that the factor in production that most nearly resembles wages is not the total capital but the interest on the same. "The employer," states the general manager of this firm, "invests his capital and labor its energy. The first gets his return in the shape of interest on the investment—the legitimate per cent of profit, in our case 6—the second gets his return in the form of daily or monthly wages. These two factors—interest on capital and wages—must be paid out of the gross receipts of the undertaking. The

remainder of the gross profits after allowing all the other legitimate expenses constitutes the net earnings of the business, created jointly by capital and labor, to be distributed in proportion to the relative interest in the business of each of the two partners, namely, amount of interest on capital and wages."

The following example based upon actual facts relating to the capital invested, wages, interest, etc., of this company will illustrate the difference in the results obtained under the two methods discussed, namely, the distribution of the divisible profits according to (*a*) the ratio of total capital to wages (method 1) and (*b*) the ratio of interest on capital to wages (method 2).

Assuming that the total capital invested in the undertaking during a specific year is $500,000, that it is understood that the fair interest on the same is 6 per cent, that the amount paid out in wages is $100,000, and that the amount of available divisible profits is $120,000, let us distribute the latter amount among the two factors—capital and labor—on the two bases indicated above and termed method 1 and method 2.

Method 1.—Basis: Ratio of total capital to wages.

Share of capital equals, under this method:

$$\frac{120{,}000 \times 500{,}000}{500{,}000 + 100{,}000} = \$100{,}000.$$

Share of labor then would be equal to:

$$\frac{120{,}000 \times 100{,}000}{500{,}000 + 100{,}000} = \$20{,}000.$$

Method 2.—Basis: Ratio of interest on capital to wages.

As, at 6 per cent, interest on capital will amount to $30,000, the equations will be as follows:

Share of capital equals, under this method:

$$\frac{120{,}000 \times 30{,}000}{100{,}000 + 30{,}000} = \$27{,}692.$$

Share of labor then would equal:

$$\frac{120{,}000 \times 100{,}000}{100{,}000 + 30{,}000} = \$92{,}308.$$

The difference in the two methods explains the unusually high profit-sharing dividends on wages paid under the profit-sharing plan described in detail on pages 37 to 44.

CONDITIONS OF ELIGIBILITY.

In only one of the profit-sharing plans studied are all employees without exception allowed to participate in the distributed profits. In one case also the benefits of the plan are confined to employees signi-

fying their intention to participate proportionately in the possible losses of the business. In nine-tenths of the plans, however, the main condition of eligibility for participation is the permanency of affiliation with the employing company, as shown by a specific length of continuous service. This minimum of continuous service varies from three months to three years, the length of time required in more than one-half of all the plans being one year or less. Thus all the plans, with one exception, exclude from participation the so-called shifting part of their working organization, confining the benefits to their more or less permanent employees.

In about one-eighth of the plans in operation employees to participate must file a written application especially provided for that purpose. The nature of such applications, in most instances, is simply a perfunctory statement signed by the employee to the effect that he promises to do faithful work and be loyal to the company. In one instance employees contractually obligate themselves to share in the possible losses of the year's business in proportion to their earnings, but not to exceed 10 per cent. Under the latter plan 10 per cent of the weekly earnings of each of the participating employees is retained by the company until the end of the distribution period, when the amounts thus retained are returned to the employees together with their share of profits for the year.

BASIS FOR COMPUTING INDIVIDUAL SHARES.

In the great majority of the plans studied the basis for computing individual shares is relatively simple; namely, the amount of earnings of the participants. The individual shares in such instances are determined by dividing the employees' part in the divisible fund by the aggregate of wages of the participants in order to obtain what is usually called the profit-sharing dividend, and then multiplying this dividend by the respective earnings of each of the participants. In all of the plans the rules and regulations governing the distribution of the profits are relatively simple, the employees thus being enabled to know in advance the conditions of eligibility for participation, the basis upon which individual shares will be determined, and the circumstances under which shares in the profits may be forfeited.

CONDITIONS OF FORFEITURE.

In all of the plans except one, discharge and leaving employment act automatically as causes for forfeiting the share of profits for the current year. The one plan provides specifically that only a discharge for cause results in forfeiture; other discharges, being more in the nature of permanent lay offs on account of lack of work, do not deprive employees of their proportionate share of the profits. Some of the plans under which shares of profits are paid in stock or in the form of savings accounts penalize those leaving employment more severely than those who are discharged, it being specified in these

few instances that employees leaving forfeit some part of the share of the profits of the previous year—usually from one-fifth to one-third—in addition to the share of the current year's profit.

The provision that death shall be a cause of forfeiture occurs only in about one-half of the plans; in the other plans it is specified that the pro rata share of the deceased employee shall be paid to his family or dependents.

DISPOSITION OF FORFEITURES.

In profit-sharing plans under which the shares of profits constitute some proportion of the dividends paid on capital the amounts of forfeited shares are usually retained by the employer. In other plans the amounts forfeited do not revert to the employer, but are apportioned among the participating employees. The reason for the difference in the disposition of forfeitures under the two groups of plans is explained by the fact that under the former plans the total amount to be distributed varies with the aggregate earnings of the participants, while under the latter the amount to be distributed is a definite proportion of the profits, which is fixed in advance.

SHARES OF EMPLOYEES LAID OFF OR SICK.

The majority of plans in operation specifically provide that employees temporarily laid off by the management, but otherwise eligible and ready to return to work upon call, be not barred from participation. Their shares in such instances are based on their actual earnings. In one-third of the plans, it appears, cases of lay off are treated "each upon its own merits."

The same treatment as that of employees laid off is accorded to those taken sick, provided the sickness does not extend "over an unreasonably long period"—usually not over six months. Under one plan only is it specifically stated that sickness of an employee carries with it a forfeiture of his share of the profits. In this instance, however, the company maintains a special fund for the benefit of its sick employees.

FORM OF PAYMENT.

The forms of payment of individual shares of profits under 42 of the plans examined were found to be as follows:

Under 32, or over three-fourths of those reporting, the shares in profits were paid fully in cash. Five reported as paying in "part stock or savings account or common fund and part cash." Of these the following proportions were paid in cash: One, 99 per cent; one, 90 per cent; one, 85 per cent; one, 80 per cent; and one, 10 per cent. Under two plans the shares of profits were credited to a common fund, which was utilized to create a pension reserve which was to be made up in equal parts of the shares of profits and contributions by the employees. In two cases the profits were found to be credited to savings accounts, and in one case the payment was all in stock.

In plans under which the larger proportion of the individual shares are paid in stock numerous provisions exist to prevent employees from disposing of their profit-sharing stock in a hasty or improvident manner, it being the idea of the employers that a profit-sharing plan can not successfully be operated unless the participants retain a pecuniary interest in the business. In two of the plans employees are specifically enjoined from disposing of their stock because the management looks upon the scheme as a means for creating for the benefit of the employees an annuity to provide against old age and general disability.

YEARS IN WHICH THE PLANS WERE ESTABLISHED.

In the following table the profit-sharing plans in operation in the United States are classified by year of establishment:

TABLE 1.—YEARS IN WHICH PROFIT-SHARING PLANS WERE ESTABLISHED.

Year.	Number of plans.	Year.	Number of plans.	Year.	Number of plans.
1886	2	1902	1	1912	4
1887	1	1904	1	1913	4
1889	1	1906	4	1914	7
1897	1	1907	1	1915	11
1899	2	1909	4	1916	4
1900	1	1910	3		
1901	4	1911	4	Total	60

From the above table it may be seen that the profit-sharing plans in operation in the United States at the present time are of comparatively recent origin, only seven of them, or about one-ninth, having been established prior to 1900. Twenty-nine, or almost one-half, have been established since 1911. Slightly under one-third of the plans have been in operation 10 years or longer. Over two-thirds of them have been in operation less than 10 years. Of the latter group, 21, or more than one-third of all, were put into effect in 1914, 1915, and 1916.

LOCATION OF PROFIT-SHARING ESTABLISHMENTS.

The geographical location of the establishments having profit-sharing plans in operation at the present time may be seen from the following table:

TABLE 2.—LOCATION OF PROFIT-SHARING ESTABLISHMENTS.

State.	Number of establishments.	State.	Number of establishments.	State.	Number of establishments.
Arkansas	1	Massachusetts	13	Pennsylvania	4
Connecticut	3	Michigan	2	Rhode Island	1
District of Columbia	1	Minnesota	1	South Carolina	1
Illinois	3	Missouri	1	Wisconsin	3
Indiana	1	New York	12		
Kentucky	1	North Carolina	1	Total	60
Maine	1	Ohio	10		

The interesting feature of the above-presented geographical distribution of the profit-sharing establishments is the fact that over six-tenths of all these establishments are located in three States—Massachusetts, New York, and Ohio—and that more than half of them are in the North Atlantic States.

INDUSTRY OR BUSINESS OF PROFIT-SHARING ESTABLISHMENTS.

The nature of the industry or business in which establishments having profit-sharing plans in operation are engaged is shown in the table presented below:

TABLE 3.—INDUSTRY OR BUSINESS OF ESTABLISHMENTS HAVING PROFIT-SHARING PLANS.

Industry or business.	Number of establishments.	Industry or business	Number of establishments.
Manufacturing	26	Real-estate brokers	2
Mercantile	14	Wholesale baking	2
Banking	8	Newspaper publishing	1
Public utilities	5		
Building and contracting	2	Total	60

The above table shows that the largest single group of profit-sharing plans, 25, or 45 per cent of all, were in operation in establishments engaged in manufacturing, 12, or 21 per cent, in mercantile institutions, 8, or 14 per cent, in banking houses, and 4, or 7 per cent, in organizations engaged in public service.

SIZE OF PROFIT-SHARING ESTABLISHMENTS.

The size of 38 profit-sharing establishments, as indicated by the average numbers employed during a representative distribution period, is shown in the following table:

TABLE 4.—NUMBER AND PER CENT OF PROFIT-SHARING ESTABLISHMENTS HAVING EACH CLASSIFIED NUMBER OF EMPLOYEES.

Classified number of employees.	Establishments.	
	Number.	Per cent.
Under 100	13	34.2
100 and under 300	14	36.8
300 and under 500	1	2.6
500 and under 1,000	5	13.2
1,000 and under 3,000	4	10.5
5,000 and under 10,000	1	2.6
Total	38	100.0

Of the 38 establishments having profit-sharing plans in operation 71 per cent employed less than 300 people. The proportion of them that had 1,000 employees or more was very small—13.1 per cent.

EXTENT OF PARTICIPATION.

Of the 37 establishments reporting the proportion of the total employed who participated in the distributed profits 19, or 51.4 per cent, reported 80 per cent and over participating; 13, or 35.1 per cent, reported 60 and under 80 per cent participating; 4, or 10.8 per cent, 40 and under 60 per cent; and only 1 reported 20 and under 40 per cent of all the employees sharing in the profits.

BENEFITS ACCRUING TO EMPLOYEES.

The benefits accruing to the participating employees as a result of the operation of the profit-sharing plans during one representative distribution period, in terms of a percentage of the regular earnings of participants, are shown in the following table:

TABLE 5.—PER CENT OF EARNINGS PAID AS DIVIDENDS IN 34 PROFIT-SHARING ESTABLISHMENTS.

Classified per cent of earnings paid as dividends.	Number of establishments.	Classified per cent of earnings paid as dividends.	Number of establishments.
Under 2	1	20 and under 30	1
2 and under 4	6	30 and under 40	2
4 and under 6	4	40 and under 50	1
6 and under 8	7	50 and over	1
8 and under 10	5		
10 and under 15	5	Total	34
15 and under 20	1		

Under almost one-third of the plans the profit-sharing dividend on the regular earnings of the participants was less than 6 per cent. Slightly over one-third of the establishments paid dividends varying from 6 to 10 per cent. The remaining third of the establishments paid dividends of 10 per cent or more. Of the latter, 5 establishments paid profit-sharing dividends of 20 per cent or more.

COST OF PLANS TO EMPLOYERS.

In view of the fact that in the great majority of the establishments not all of the employees were eligible for participation, the cost of the plans to the employers, in per cent of the total labor pay rolls was considerably smaller than the relative benefits accruing to their employees as shown above. The table following shows the cost of the profit-sharing plans to the employers for one representative distribution period.

TABLE 6.—COST OF PROFIT-SHARING PLANS TO 34 EMPLOYERS, IN PER CENT OF TOTAL PAY ROLLS.

Classified per cent of pay rolls paid as dividends.	Number of establishments.	Classified per cent of pay rolls paid as dividends.	Number of establishments.
Under 1	1	10 and under 15	1
1 and under 2	4	15 and under 20	1
2 and under 4	7	20 and over	5
4 and under 6	7		
6 and under 8	7	Total	34
8 and under 10	1		

The cost in more than one-half of all the establishments was less than 6 per cent of their respective annual pay rolls. In 7 of the establishments, or 20.6 per cent, the plans necessitated an additional expense of from 6 to 8 per cent of the total pay rolls. The proportion of plans in which the additional expense attributable to the operation of the profit-sharing plans amounted to 20 per cent or more was 14.7 per cent.

OCCUPATIONS OF PARTICIPATING EMPLOYEES.

The following table shows the occupations or types of employment of the participating employees of 34 establishments at the end of one distribution period:

TABLE 7.—NUMBER AND PER CENT OF PARTICIPATING EMPLOYEES IN EACH OCCUPATION GROUP.

Occupation group.	Participating employees.	
	Number.	Per cent.
Executive	1,326	9.5
Clerical	783	5.6
Sales	266	1.9
All others	11,553	82.9
Total	13,928	100.0

The table shows that 82.9 per cent of all the beneficiaries belonged to the classification of "all others," that is, were engaged in occupations other than executive, clerical, or sales. Only 9.5 per cent of the participants were holding executive positions.

DETAILED TABLES.

The two tables which follow show in detail, for each establishment, the principal part of the data shown in summary form in the tables preceding.

TABLE 8.—NUMBER OF EMPLOYEES, PROPORTION PARTICIPATING IN PROFITS, DIVIDENDS TO EMPLOYEES, AND COST OF PROFIT-SHARING PLANS TO EMPLOYERS, IN 38 ESTABLISHMENTS HAVING PROFIT-SHARING PLANS.

Establishment No.	Dividend period ending—	Average number of employees.	Employees participating in profits.		Total pay roll.	Pay roll of participants.		Dividends to employees.		
			Number.	Per cent of total.		Amount.	Per cent of total pay roll.	Amount.	Per cent of total pay roll.	Per cent of pay roll of participants.
1	Dec. 31, 1914	2,575	2,265	88.0	$1,550,000	$1,250,000	80.6	$99,000	6.4	7.9
2	Dec. 31, 1910	95	56	58.9	59,165	(1)	(1)	2,557	4.3	(1)
	Dec. 31, 1911	97	60	61.9	59,747	(1)	(1)	3,100	5.2	(1)
	Dec. 31, 1912	100	60	60.0	64,478	(1)	(1)	2,896	4.5	(1)
	Dec. 31, 1913	98	64	65.3	68,477	(1)	(1)	2,364	3.5	(1)
	Dec. 31, 1914	96	64	66.7	65,832	(1)	(1)	1,744	2.6	(1)
	Dec. 31, 1915	85	68	80.0	59,539	(1)	(1)	2,400	4.0	(1)
3	Jan. 1, 1914	131	130	99.2	210,000	175,000	83.3	4,011	1.9	2.3
	Jan. 1, 1915	141	140	99.3	230,000	185,000	80.4	3,802	1.7	2.1
4	Dec. 31, 1915	100	100	100.0	63,523	63,523	100.0	9,528	15.0	15.0
5	Feb. 11, 1916	75	51	68.0	(1)	(1)	(1)	1,605	(1)	(1)
6	Mar. 31, 1914	274	217	79.2	32,928	26,050	79.1	1,704	5.2	6.5
7	June 30, 1911	(1)	(1)	(1)	29,892	18,360	61.4	918	3.1	5.0
	June 30, 1912	(1)	(1)	(1)	32,683	20,566	62.9	1,234	3.8	6.0
	June 30, 1913	(1)	(1)	(1)	38,293	22,087	57.7	1,767	4.6	8.0
	June 30, 1914	(1)	(1)	(1)	14,527	25,675	57.7	2,054	4.6	8.0
	June 30, 1915	31	29	93.5	46,521	27,950	60.1	2,236	4.8	8.0
8	1907 to 1909	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	5.0
	1910	111	111	100.0	92,482	92,482	100.0	5,549	6.0	6.0
	1911	153	153	100.0	115,866	115,866	100.0	6,952	6.0	6.0
	1912	173	173	100.0	135,625	135,625	100.0	10,850	8.0	8.0
	1913	180	180	100.0	145,850	145,850	100.0	11,668	8.0	8.0
	1914	178	178	100.0	152,250	152,250	100.0	12,180	8.0	8.0
	1915	168	168	100.0	132,962	132,962	100.0	10,637	8.0	8.0
9	Dec. 31, 1915	172	146	84.9	129,530	118,482	91.5	1,147	.9	1.0
10	1896 to 1904	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	4.0
	1905	(1)	353	(1)	(1)	252,846	(1)	37,927	(1)	15.0
	1906	(1)	384	(1)	(1)	278,188	(1)	69,547	(1)	25.0
	1907	(1)	395	(1)	(1)	268,106	(1)	80,432	(1)	30.0
	1908	(1)	436	(1)	(1)	309,500	(1)	61,900	(1)	20.0
	1909	(1)	476	(1)	(1)	350,845	(1)	70,169	(1)	20.0
	1910	(1)	518	(1)	(1)	385,650	(1)	38,565	(1)	10.0
	1911	(1)	530	(1)	(1)	383,360	(1)	38,336	(1)	10.0
	1912	(1)	534	(1)	(1)	433,075	(1)	64,961	(1)	15.0
	1913	651	451	67.7	(1)	369,570	(1)	36,957	(1)	10.0
	1915 [2]	731	541	74.0	(1)	388,680	(1)	38,868	(1)	10.0
11	Dec. 31, 1912	509	298	58.5	350,371	204,812	58.5	16,385	4.7	8.0
	Dec. 31, 1913	455	297	65.3	354,935	226,800	63.9	18,144	5.1	8.0
	Dec. 31, 1914	475	322	67.8	338,360	237,975	70.3	19,038	5.6	8.0
	Dec. 31, 1915	541	308	56.9	373,995	248,775	66.5	19,902	5.3	8.0
12	Dec. 31, 1903	46	33	71.7	18,224	16,979	93.2	886	4.9	5.2
	Dec. 31, 1904	48	32	66.7	19,333	17,074	88.3	662	3.4	3.9
	Dec. 31, 1905	44	35	79.5	19,453	16,790	86.4	727	3.7	4.3
	Dec. 31, 1906	48	36	75.0	19,946	17,182	86.1	1,127	5.7	6.6
	Dec. 31, 1907	54	34	63.0	20,723	16,682	80.5	1,038	5.0	6.2
	Dec. 31, 1908	51	42	82.4	21,249	19,036	89.6	984	4.6	5.2
	Dec. 31, 1909	51	44	86.3	21,175	18,926	89.4	1,175	5.6	6.2
	Dec. 31, 1910	52	38	73.1	21,410	18,716	87.4	1,336	6.2	7.1
	Dec. 31, 1911	56	46	82.1	23,970	19,769	82.5	1,319	5.5	6.7
	Dec. 31, 1912	54	47	87.0	24,110	21,090	87.5	1,265	5.2	6.0
	Dec. 31, 1913	53	47	88.7	24,497	20,942	85.5	1,409	5.8	6.7
	Dec. 31, 1914	54	45	83.3	27,833	22,564	81.1	1,322	4.8	5.9
13	Apr. 30, 1915	31	31	100.0	52,778	52,778	100.0	23,613	44.7	44.7

[1] Not reported.

[2] No distribution made for 1914.

TABLE 8.—NUMBER OF EMPLOYEES, PROPORTION PARTICIPATING IN PROFITS, DIVIDENDS TO EMPLOYEES, AND COST OF PROFIT-SHARING PLANS TO EMPLOYERS, IN 38 ESTABLISHMENTS HAVING PROFIT-SHARING PLANS—Continued.

Establishment No.	Dividend period ending—	Average number of employees.	Employees participating in profits.		Total pay roll.	Pay roll of participants.		Dividends to employees.		
			Number.	Per cent of total.		Amount.	Per cent of total pay roll.	Amount.	Per cent of total pay roll.	Per cent of pay roll of participants.
14	Dec. 31, 1899	55	34	61.8	(1)	$23,545	(1)	$14,198	(1)	60.3
	Dec. 31, 1900	55	45	81.8	(1)	30,337	(1)	25,088	(1)	82.7
	Dec. 31, 1901	65	55	84.6	$45,355	33,120	73.0	24,443	53.9	73.8
	Dec. 31, 1902	100	53	53.0	55,341	30,601	55.3	30,126	54.4	98.4
	Dec. 31, 1903	79	51	64.6	43,967	24,442	55.6	16,885	38.4	69.1
	Dec. 31, 1904	90	64	71.1	44,076	35,056	79.5	9,981	22.6	28.5
	Dec. 31, 1905	96	64	66.7	50,569	32,021	63.3	29,176	57.7	91.1
	Dec. 31, 1906	120	64	53.3	75,685	39,834	52.6	47,800	63.2	120.0
	Dec. 31, 1907	142	72	50.7	80,403	42,661	53.1	42,660	53.1	100.0
	Dec. 31, 1908	138	97	70.3	72,617	49,553	68.2	38,652	53.2	78.0
	Dec. 31, 1909	153	98	64.1	101,944	60,989	59.8	60,988	59.8	100.0
	Dec. 31, 1910	161	106	65.8	110,309	63,780	57.8	63,781	57.8	100.0
	Dec. 31, 1911	154	124	80.5	107,935	74,610	69.1	35,067	32.5	47.0
	Dec. 31, 1912	149	116	77.9	104,131	76,295	73.3	57,221	55.0	75.0
	Dec. 31, 1913	154	117	76.0	115,848	81,250	70.1	56,875	49.1	70.0
	Dec. 31, 1914	161	113	70.2	124,118	74,152	59.7	66,736	53.8	90.0
15	June 30, 1905	182	114	62.6	141,000	94,300	66.9	4,839	3.4	5.1
	June 30, 1906	190	119	62.6	150,000	104,800	69.9	5,197	3.5	5.0
	June 30, 1907	202	116	57.4	151,000	105,000	69.5	1,096	.7	1.0
	June 30, 1908	210	133	63.3	162,000	114,600	70.7	4,534	2.8	4.0
	June 30, 1909	215	145	67.4	163,000	116,500	71.5	5,367	3.3	4.6
	June 30, 1910	200	134	67.0	166,000	120,500	72.6	4,159	2.5	3.5
	June 30, 1911	201	131	65.2	165,000	121,500	73.6	2,715	1.6	2.2
	June 30, 1912	236	142	60.2	175,000	124,900	71.4	10,487	6.0	8.4
	June 30, 1913	240	140	58.3	190,000	139,900	73.6	6,682	3.5	4.8
	June 30, 1914	245	147	60.0	205,000	150,500	73.4	10,251	5.0	6.8
	June 30, 1915	255	178	69.8	225,000	156,700	69.6	13,681	6.1	8.7
16	Dec. 31, 1914	43	34	79.1	52,873	39,873	75.4	2,506	4.7	6.3
17	Dec. 31, 1914	18	16	88.9	9,954	8,704	87.4	675	6.8	7.8
18	Jan. 1, 1915	600	401	66.8	281,317	234,936	83.5	32,963	11.7	14.0
19	Dec. 10, 1898	390	267	68.5	127,546	86,909	68.1	2,069	1.6	2.4
	June 9, 1899	332	222	66.9	128,951	80,564	62.5	2,561	2.0	3.2
	Dec. 8, 1900	353	274	77.6	150,058	103,397	68.9	3,445	2.3	3.3
	June 7, 1901	485	327	67.4	201,049	130,181	64.8	3,159	1.6	2.4
	Dec. 13, 1902	671	409	61.0	278,297	172,162	61.9	5,448	2.0	3.2
	June 12, 1903	640	450	70.3	259,368	175,295	67.6	4,009	1.5	2.3
	Dec. 10, 1904	629	259	41.2	99,876	42,085	42.1	1,407	1.4	3.3
	June 2, 1906 [2]	600	442	73.7	186,432	132,715	71.2	5,256	2.8	4.0
	June 8, 1907	661	473	71.6	269,970	196,069	72.6	7,842	2.9	4.0
	June 6, 1908	692	531	76.7	281,922	214,656	76.1	4,878	1.7	2.3
	June 5, 1909	717	551	76.8	286,554	215,465	75.2	5,931	2.1	2.8
	June 4, 1910	709	517	72.9	274,299	203,599	74.2	7,110	2.6	3.5
	June 3, 1911	692	539	77.9	264,854	207,282	78.3	5,150	1.9	2.5
	June 1, 1912	717	545	76.0	279,927	218,900	78.2	6,573	2.3	3.0
	May 31, 1913	705	546	77.4	314,240	249,497	79.4	6,835	2.2	2.7
	June 6, 1914	715	589	82.4	312,400	266,778	85.4	8,658	2.8	3.2
	June 5, 1915	716	624	87.2	306,299	268,271	87.6	8,736	2.9	3.3
20	Dec. 31, 1915	66	36	54.5	52,147	37,794	72.5	1,890	3.6	5.0
21	Oct. 1, 1915	270	125	46.3	250,000	148,000	59.2	7,000	2.8	4.7
22	Dec. 28, 1914	125	86	68.8	62,921	46,975	74.7	1,175	1.9	2.5
23	Dec. 31, 1902	(1)	(1)	95.0	(1)	111,621	(1)	2,881	(1)	2.6
	Dec. 31, 1903	(1)	(1)	95.0	(1)	140,155	(1)	3,600	(1)	2.6
	Dec. 31, 1904	(1)	(1)	95.0	(1)	132,937	(1)	3,606	(1)	2.7
	Dec. 31, 1905	(1)	(1)	95.0	(1)	146,577	(1)	4,501	(1)	3.1
	Dec. 31, 1906	(1)	(1)	95.0	(1)	208,284	(1)	7,594	(1)	3.6
	Dec. 31, 1907	(1)	(1)	95.0	(1)	235,233	(1)	8,284	(1)	3.5
	Dec. 31, 1908	(1)	(1)	95.0	(1)	158,223	(1)	6,329	(1)	4.0
	Dec. 31, 1909	(1)	(1)	95.0	(1)	175,808	(1)	7,032	(1)	4.0

[1] *Not reported.*

[2] No distributions made between Dec. 10, 1904, and June 2, 1906.

TABLE 8.—NUMBER OF EMPLOYEES, PROPORTION PARTICIPATING IN PROFITS, DIVIDENDS TO EMPLOYEES, AND COST OF PROFIT-SHARING PLANS TO EMPLOYERS, IN 38 ESTABLISHMENTS HAVING PROFIT-SHARING PLANS—Continued.

Establishment No.	Dividend period ending—	Average number of employees.	Employees participating in profits.		Total pay roll.	Pay roll of participants.		Dividends to employees.		
			Number.	Per cent of total.		Amount.	Per cent of total pay roll.	Amount.	Per cent of total pay roll.	Per cent of pay roll of participants.
23	Dec. 31, 1910	249	239	96.0	$173,123	$171,341	99.0	$6,854	4.0	4.0
	Dec. 31, 1911	252	244	96.8	177,746	176,321	99.2	7,053	4.0	4.0
	Dec. 31, 1912	279	270	96.8	171,889	170,285	99.1	6,811	4.0	4.0
	Dec. 31, 1913	283	275	97.2	181,113	180,216	99.5	9,011	5.0	5.0
	Dec. 31, 1914	278	272	97.8	160,452	159,383	99.3	4,781	3.0	3.0
24	Dec. 31, 1901	158	52	32.9	68,304	27,299	40.0	3,107	4.5	11.4
	Dec. 31, 1902	169	71	42.0	82,718	38,031	46.0	5,679	6.9	14.9
	Dec. 31, 1903	218	71	32.6	103,489	39,638	38.3	4,891	4.7	12.3
	Dec. 31, 1904	227	78	34.4	101,573	40,730	40.1	3,023	3.0	7.4
	Dec. 31, 1905	288	101	35.1	133,379	57,606	43.2	7,336	5.5	12.7
	Dec. 31, 1906	371	116	31.3	164,872	66,595	40.4	12,287	7.5	18.5
	Dec. 31, 1907	313	98	31.3	138,602	57,036	41.2	10,408	7.5	18.2
	Dec. 31, 1908	222	116	52.3	115,329	64,222	55.7	6,274	5.4	9.8
	Dec. 31, 1909	341	139	40.8	152,791	78,018	51.1	7,400	4.8	9.5
	Dec. 31, 1910	425	139	32.7	198,090	81,386	41.1	8,551	4.3	10.5
	Dec. 31, 1911	387	152	39.3	182,018	88,477	48.6	8,253	4.5	9.3
	Dec. 31, 1912	428	156	36.4	218,391	96,456	44.2	10,992	5.0	11.4
	Dec. 31, 1913	567	184	32.5	309,346	137,730	44.5	18,688	6.0	13.6
	Dec. 31, 1914	456	225	49.3	263,371	164,360	62.4	16,743	6.4	10.2
25	Dec. 31, 1912	99	91	91.9	74,077	71,742	96.8	5,575	7.5	7.8
	Dec. 31, 1913	103	100	97.0	88,452	85,363	96.5	23,293	26.3	27.3
	Dec. 31, 1914	101	95	94.1	91,340	85,215	93.3	11,183	12.2	13.1
	Dec. 31, 1915	106	106	100.0	99,133	93,347	94.2	20,050	20.2	21.5
26	Sept. 1, 1914	86	75	87.2	74,896	66,900	89.3	6,690	8.9	10.0
	Sept. 1, 1915	85	74	87.1	76,325	68,452	89.7	2,054	2.7	3.0
27	Dec. 31, 1914	900	813	90.3	795,800	716,000	90.0	49,300	6.2	6.9
28	Apr. 1, 1913	63	49	77.8	60,538	55,290	91.3	18,441	30.5	33.4
	Apr. 1, 1914	62	52	83.9	59,186	56,892	96.1	20,880	35.3	36.7
	Apr. 1, 1915	62	51	82.3	60,068	58,564	97.5	17,632	29.4	30.1
29	Jan. 30, 1910	161	47	29.2	132,328	41,420	31.3	2,649	2.0	6.4
	Jan. 30, 1911	160	49	30.6	136,946	43,310	31.6	1,933	1.4	4.5
	Jan. 30, 1912	178	61	34.3	128,394	47,340	36.9	1,833	1.4	3.9
	Jan. 30, 1913	193	62	32.1	147,866	48,960	33.1	3,691	2.5	7.5
	Jan. 30, 1914	204	68	33.3	151,478	60,290	39.8	4,012	2.6	6.7
	Jan. 30, 1915	183	64	35.0	132,148	58,160	44.0	796	.6	1.4
30	Dec. 31, 1910	76	68	89.5	67,526	41,403	61.3	7,179	10.6	17.3
	Dec. 31, 1911	83	64	77.1	67,751	42,642	62.9	5,463	8.1	12.8
	Dec. 31, 1912	91	68	74.7	71,031	43,207	60.8	6,662	9.4	15.4
	Dec. 31, 1913	101	78	77.2	87,315	53,855	61.7	6,200	7.1	11.5
	Dec. 31, 1914	105	82	78.1	86,100	55,622	64.6	5,951	6.9	10.7
31	Dec. 31, 1915	11	11	100.0	16,031	16,031	100.0	6,252	39.0	39.0
32	March, 1908	16	16	100.0	12,964	12,964	100.0	1,944	15.0	15.0
	March, 1909	18	18	100.0	15,352	15,352	100.0	1,919	12.5	12.5
	March, 1910	18	18	100.0	14,289	14,289	100.0	708	5.0	5.0
	March, 1912	17	17	100.0	15,229	15,229	100.0	1,218	8.0	8.0
	March, 1913	18	18	100.0	16,200	16,200	100.0	805	5.0	5.0
	March, 1915	19	19	100.0	16,486	16,486	100.0	1,154	7.0	7.0
33	Dec. 31, 1911	6,349	4,001	63.0	4,547,102	3,319,287	73.0	238,387	5.2	7.2
	Dec. 31, 1912	8,177	4,712	57.6	5,791,017	4,069,370	70.3	281,878	4.9	6.9
	Dec. 31, 1913	8,447	5,676	67.2	6,744,883	4,929,125	73.1	343,741	5.1	7.0
	Dec. 31, 1914	7,348	6,466	88.0	6,449,871	5,364,430	83.2	266,513	4.1	5.0
34	Dec. 31, 1915	25	18	72.0	(1)	(1)	(1)	480	(1)	(1)
35	June 30, 1911	890	574	64.5	(1)	(1)	(1)	48,225	(1)	9.0
	June 30, 1912	1,186	591	49.8	(1)	(1)	(1)	50,892	(1)	9.0
	June 30, 1913	1,045	585	56.0	(1)	(1)	(1)	50,743	(1)	9.0
	June 30, 1914	1,062	665	62.6	(1)	(1)	(1)	50,840	(1)	[illegible]

[1] Not reported.

TABLE 8.—NUMBER OF EMPLOYEES, PROPORTION PARTICIPATING IN PROFITS, DIVIDENDS TO EMPLOYEES, AND COST OF PROFIT-SHARING PLANS TO EMPLOYERS, IN 38 ESTABLISHMENTS HAVING PROFIT-SHARING PLANS—Concluded.

Establishment No.	Dividend period ending—	Average number of employees.	Employees participating in profits.		Total pay roll.	Pay roll of participants.		Dividends to employees.		
			Number.	Per cent of total.		Amount.	Per cent of total pay roll.	Amount.	Per cent of total pay roll.	Per cent of pay roll of participants.
36	Aug. 1, 1913	2,034	1,835	90.2	$839,148	$766,177	91.3	$15,324	1.8	2.0
	Aug. 1, 1914	1,899	1,649	86.8	822,809	758,294	92.2	15,166	1.8	2.0
	Aug. 1, 1915	1,810	1,567	86.6	833,199	782,770	93.9	15,655	1.9	2.0
37	Dec. 31, 1913	1,244	529	42.5	1,340,685	925,759	69.1	24,879	1.9	2.7
38	Dec. 31, 1912	(1)	(1)	(1)	73,372	(1)	(1)	2,464	3.4	(1)
	Dec. 31, 1913	282	(1)	(1)	219,001	(1)	(1)	5,938	2.7	(1)
	Dec. 31, 1914	299	(1)	(1)	235,344	(1)	(1)	5,712	2.4	(1)

1 Not reported.

TABLE 9.—NUMBER OF EMPLOYEES, PROPORTION PARTICIPATING IN PROFITS, AND NUMBER AND PER CENT OF PARTICIPANTS IN EACH SPECIFIED OCCUPATION GROUP, IN 34 ESTABLISHMENTS HAVING PROFIT-SHARING PLANS.

Establishment No.	Dividend period ending—	Average number of employees.	Employees participating in profits.		Occupation groups of participants.							
					Executive.		Clerical.		Sales.		All others.	
			Number.	Per cent of total.	Number.	Per cent.	Number.	Per cent.	Number.	Per cent.	Number.	Per cent.
1	Dec. 31, 1914	2,575	2,265	88.0	30	1.3	21	0.9	......	......	2,214	97.7
2	Dec. 31, 1915	85	68	88.0	10	14.7	(1)	......	[2] 52	76.5	6	8.8
3	Jan. 1, 1915	141	140	99.3	20	14.3	120	85.7	......	......	......	......
4	Dec. 31, 1915	100	100	100.0	4	4.0	4	4.0	......	......	92	92.0
5	Feb. 11, 1916	75	51	68.0	3	5.9	7	13.7	37	72.5	4	7.8
6	Mar. 31, 1914	274	217	79.2	8	3.7	17	7.8	......	......	192	88.5
7	June 30, 1915	31	29	93.5	2	6.9	27	93.1	......	......	......	......
8	Mar. 31, 1915	168	168	100.0	11	6.5	19	11.3	7	4.2	131	78.0
9	Dec. 31, 1915	172	146	84.9	15	10.3	13	8.9	......	......	118	80.8
10	Dec. 31, 1915	731	541	74.0	22	4.1	81	15.0	31	5.7	407	75.2
11	Dec. 31, 1915	541	308	56.9	19	6.2	78	25.3	......	......	211	68.5
12	Dec. 31, 1914	54	45	83.3	[3] 16	35.6	3	6.7	......	......	26	57.8
13	Apr. 30, 1915	31	31	100.0	4	12.9	19	61.3	......	......	8	25.8
14	Dec. 31, 1914	161	113	70.2	15	13.3	6	5.3	......	......	92	81.4
15	June 30, 1915	255	[4] 191	74.9	13	6.8	41	21.5	31	16.2	106	55.5
16	Dec. 31, 1914	43	34	79.1	6	17.6	26	76.5	......	......	2	5.9
17	Dec. 31, 1914	18	16	88.9	......	......	2	12.5	14	87.5	......	......
18	Jan. 1, 1915	600	401	66.8	35	8.7	60	15.0	......	......	306	76.8
19	June 5, 1915	713	625	87.7	15	2.4	5	.8	......	......	605	96.8
20	Dec. 31, 1915	66	36	54.5	11	30.6	4	11.1	2	5.6	19	52.8
21	Oct. 1, 1915	270	125	46.3	25	20.0	14	11.2	......	......	86	68.8
22	Dec. 28, 1914	125	86	68.8	14	16.3	8	9.3	......	......	64	74.4
23	Dec. 31, 1914	278	272	97.8	14	5.1	15	5.5	......	......	243	89.3
24	Dec. 31, 1914	456	225	49.3	28	12.4	36	16.0	7	3.1	154	68.4
25	Dec. 31, 1915	106	106	100.0	12	11.3	21	19.8	44	41.5	29	27.4
26	Sept. 1, 1915	85	74	87.1	8	10.8	19	25.7	......	......	47	63.5
27	Dec. 31, 1914	900	813	90.3	33	4.1	50	6.2	14	1.7	716	88.1
28	Apr. 1, 1915	62	51	82.3	14	27.5	32	62.7	......	......	5	9.8
29	Jan. 30, 1915	183	64	35.0	5	7.8	16	25.0	6	9.4	37	57.8
30	June 30, 1915	108	73	67.6	11	15.1	11	15.1	......	......	51	69.9
31	Dec. 31, 1915	11	11	100.0	5	45.5	6	54.5	......	......	......	......
32	Mar. 31, 1915	19	19	100.0	3	15.8	2	10.5	3	15.8	11	57.9
33	Dec. 31, 1914	7,348	6,466	88.0	895	13.8	(5)	......	(5)	......	[6] 5,571	86.2
34	Dec. 31, 1915	25	18	72.0	......	......	(1)	......	[2] 18	100.0	......	......

1 *Included in sales force.*
2 *Including clerical force.*
3 *Editors and reporters.*
4 Includes 13 executive employees not shown in Table 8.
5 Included in "all others."
6 Including the clerical and sales forces.

ANALYSIS OF WORKING OF 12 TYPICAL PROFIT-SHARING PLANS.

In this section of the report are given detailed accounts of the essential features involved, the details of administration, and the results of the operation of a limited number of the better known profit-sharing plans in operation in the United States at the present time, it being the intention to present to the consideration of those interested careful analyses of plans that may be considered as typical, and in a certain sense, successful. The 12 plans described in the following pages, although involving in a general way the same principle—the sharing of some proportion of an employer's profits with his employees—reveal the great variety of methods used by employers in arriving at the same end.

Plan designated as No. 1 is herewith presented largely on account of the comprehensiveness of the rules and regulations that govern the distribution of the profits. Except for the uncertainty due to the fact that the management reserves to itself the right to discontinue the entire arrangement at pleasure, employees under this plan, by referring to the printed rules and regulations, may ascertain the exact nature of the privileges accorded to them. The settlement of disputes that may arise under the provisions of the plan, including disqualifications from participation, is not wholly in the hands of the employer, for the latter in his decisions is also guided by the formulated rules. Changes in the latter are usually made one year in advance, upon consultation with and with the approval of a committee representing the employees—a permanent advisory board selected by the employees themselves for the specific purpose of assisting in the administration of the plan.

The plan is also interesting because it shows clearly the method used in adjusting the proportion of the profits to be distributed to the constantly increasing number of participants due to either the growth of the organization or the extension of the benefits of the plan to employees originally excluded.

PLAN NO. 1.

A brief summary of the origin and history of this plan was given by the president of the company and originator of the plan in a paper read at the May, 1913, meeting of the Electrical Manufacturers' Club, at Hot Springs, Va. After stating that prior to the introduction of the plan investigations were made by the company of similar plans already in operation, he says:

> The reports of these various experiences encouraged us to make the experiment, but we felt that our plan must differ to a degree from any we had heard of, and our scheme was developed in accordance with the following considerations:
>
> As it was a doubtful experiment, it was confined to our factory employees, leaving out clerks and salesmen in our main office.

Realizing that the results must be a question of judgment, rather than of definite figures, and wishing to be assisted in our judgment by the opinion of our two factory superintendents, whom we had interested in the experiment, we increased their salaries instead of making them profit sharers, in order that their judgment might not be biased by their own interest.

We expected the best results, and wished particularly to benefit certain old and faithful employees, while from recent employees, and particularly those who were not likely to stay with us long, we expected very little, and we had very little interest in them, so that it seemed to us necessary to make a distinction, and this was accomplished by the requirement that no one should be eligible to benefit until he had been in our employ for at least one year.

On the principle that no partner has a right to any part of profits earned before he comes into the partnership, we decided that a profit sharer must be informed of his status, and must work as such for the full year before he is entitled to any profits.

In order to provide ample time to make up the books of the company, and to determine the profits, we set the time of payment as March 1, or two months after the close of the year.

To further extend the time of service it was decided that no profit sharer should benefit who leaves our employ before the dividend date of March 1.

To give our people the greatest stimulus it was necessary that the amount of their dividend should be absolutely dependent on the profits of our business for any given year, and that as nearly as possible the profits for each year should be separately determined so that no man should either gain anything from profits of the year before, nor lose anything from profits carried into the succeeding year when he may have left our employ.

At the outset we were confronted with the difficulty that being a private corporation we were absolutely unwilling to make any statement from which the amount of our profits could be determined, which would certainly be the result should we announce the percentage of our profits which we proposed to pay, and later told what this percentage amounted to.

To obviate this trouble we refrained from stating the percentage of the profits which we proposed to pay, saying simply that such percentage was fixed in advance, although not published.

At the beginning of the first year, in order to give our people some idea of the probable result, we advised them that the percentage as fixed was sufficient to justify the expectation that the dividend on their wages would be at least 5 per cent, provided the profits of that year were as large as those of the year preceding.

In order that the administration of the profit sharing should be absolutely fair, we have at the beginning of each year posted a set of rules which we have been able to keep down to one typewritten page, and have administered each year strictly according to rule.

On January 1, 19—, we assembled our entire force and carefully explained the profit-sharing scheme to them, immediately after which the preliminary list and the rules for that year were posted.

While our people were evidently pleased that something good was coming to them, it looked rather a long way off and comparatively few seemed to really understand the scheme.

A repetition of the address in January, 19—, still left the matter somewhat hazy in their minds, and the results for 19—, while visible, were not as great as had been hoped. The actual payment of the first dividend, about March 1, 19—, had a great effect and ever since the results have been much more satisfactory than before.

We express the hope that our people will make wise use of the dividend, and if they wish to make a deposit, we allow them to go to the savings bank on our time.

However, as the money belongs to them, we do not presume to dictate what they shall do with it, except to insist that any man shall be severely disciplined who uses his money in such a way as to interfere with his regular work.

The following is the text of rules and regulations governing the administration of the plan at the present time:

PROFIT-SHARING RULES, 1914.

THOSE INCLUDED.

All employees except those specially excluded.

PRELIMINARY LIST.

This includes only those who have been continuously in our employ since January 1, 1913. (See list of names in each department.)

PROFIT SHARERS.

This includes only those whose names are on the preliminary list, who shall remain continuously in our employ until March 1, 1915, and whose services shall be satisfactory. Anyone now on the preliminary list who may be discharged, or who may leave our employ before March 1, 1915, will lose all share, even though he may be employed again later on, and his share will be divided among those remaining.

YOUR SHARE.

We propose to divide among the profit sharers a definite percentage of the profits of our business for the year 1914, and this percentage is the same as for the year 1913, except that it has been increased proportionally to the increase in pay roll due to including the employees of our ———— office this year for the first time.

The actual amount of money to be divided will depend entirely on the amount of our profits for 1914. Each profit sharer will share in proportion to the wages he receives during the year. Under no condition shall we be expected to pay any profit sharer more than 20 per cent on his wages for the year.

SICKNESS AND INJURY.

Cases of absence due to sickness shall be decided at our discretion, but no dividend shall be paid on wages not actually received.

In case of injury, a profit sharer shall be considered as having received his regular weekly wages for such weeks as he receives compensation, but such wages shall not be assumed at more than $20 per week nor for more than 50 weeks.[1]

DEATH BENEFIT.[1]

In case of death during the year of anyone in good standing on the preliminary list, a death benefit will be paid and deducted from the fund. The amount of the death benefit shall be at our discretion but shall not exceed the dividend rate for 1913 on his estimated wages for the whole year of 1914.

LAY OFFS.[1]

Any employee who may be laid off shall be considered as no longer in our employ unless he returns to work within six weeks.

[1] Not in rules of previous years. Suggested by committee of factory employees.

LEAVE OF ABSENCE.[1]

Leave of absence for more than six weeks shall be granted only to those who have been in our employ for two years, and only upon application approved by the president, vice president or treasurer.

ASSIGNMENT OF WAGES.

Receipt by us of notice of assignment of wages will cause the individual concerned to lose at least one-third of his profits for the year.

TIME OF DISTRIBUTION.

The profit-sharing dividend will be paid March 1, 1915, or at our earliest convenience thereafter.

The specific proportion of the net profits of the business to be distributed among the employees under this plan is fixed one year in advance, and although this proportion is unknown to the rank and file of the profit sharers, it is communicated to the accounting staff of the establishment. Since the introduction of the plan the relative proportion of profits to be distributed was increased three times. These increases were due wholly to the fact that gradually the plan was extended to include employees who did not benefit under it as originally constituted. In 1904 the foremen and superintendents of the factory were brought under the plan; in 1910, the general, clerical, and commercial forces of the home office of the company; and, finally, in 1913, the general, clerical, and commercial employees of the branch office of the firm. Increases in the proportion of net profits to be distributed were in accordance with the relative proportional increases in the number participating and in the aggregate of the participating pay roll, due to the extension of the plan.

A few points of this plan, it is thought, need somewhat further elaboration: The preliminary list referred to in the text of the plan is made up one year in advance, for instance, for 1914 it is made up on January 1, 1914. On it are listed all employees who have been continuously in the service of the company for one year prior thereto. From this list an estimate is made of the probable total earnings of the prospective profit sharers for the coming year. This estimate is arrived at by multiplying earnings of the participating employees for one normal week by 52. The object of this estimated pay roll is to determine in advance whether an adjustment in the proportion of profits to be distributed should be made, it being the idea of the management that the individual shares of profits of the older employees ought not to be decreased on account of the extension of the plan to a larger number of the working force. By comparing the preliminary or estimated pay roll with the profits of the past year

[1] Not in rules of previous years. Suggested by committee of factory employees.

the management is able to determine one year in advance what it should fix as the proportion of the profits to be distributed during the coming year.

Fourteen months after the preliminary pay roll is made up the final list of participating employees is compiled. At the same time the actual earnings of the employees on the final list are computed. The aggregate of the earnings of the employees on this list is known as the actual pay roll and serves as a basis for the distribution of the year's profits.

The number of employees on the final list and the size of the actual pay roll, as compared with the preliminary list and the estimated pay roll, are considerably smaller, inasmuch as during the intervening year some of the employees leave or are discharged. The difference between the estimated pay roll and the actual pay roll is thus due largely to (1) differences in the amount of production, (2) differences in rates of wages and in number employed during the two years.

The per cent of wages to be paid as profits is then determined by dividing the amount of profits available for distribution by the actual or participating pay roll, the share of each individual then being computed by multiplying the earnings (earnings for overtime work included) by this percentage or dividend.

Conditions of participation as well as of forfeiture of shares in profits by employees are carefully formulated and described, all employees being informed of the exact nature of these conditions one year in advance.

This plan seems to contain relatively little of what might be termed arbitrariness; the rules governing its administration are framed with the assistance of a committee of employees selected by themselves annually. No changes are made in the plan without consultation with and approval by this committee.

Employees under the plan may secure leave of absence from the company. Such leave of absence does not disqualify them from further participation, provided they register with the company before leaving.

As stated above, one year in advance of the actual distribution of profits a preliminary list of profit-sharing employees is made up. This list is revised one year afterwards to eliminate those of the employees on the preliminary roll who for some reason or other have forfeited their shares, by either leave or discharge. The table following shows the differences in the aggregate pay-roll amounts and in the number of participants on the preliminary and actual or participating rolls, as compared with the entire pay roll of the establishment and total employed on the distribution date.

TABLE 10.—NUMBER AND PER CENT OF EMPLOYEES ON THE PRELIMINARY ROLL AND ON THE PARTICIPATING ROLL AND AMOUNT OF SUCH ROLLS COMPARED WITH TOTAL PAY ROLL, BY YEARS, 1901 TO 1914.

Year.	Total employees.	Employees on preliminary roll.		Employees on participating roll.		Total pay roll.	Preliminary pay roll.		Participating pay roll.	
		Number.	Per cent of total employees.	Number.	Per cent of total employees.		Amount.	Per cent of total pay roll.	Amount.	Per cent of total pay roll.
1901	158	67	42.4	52	32.9	$68,304	$36,500	53.4	$27,299	40.0
1902	169	91	53.8	71	42.0	82,718	47,600	57.5	38,031	46.0
1903	218	97	44.5	71	32.6	103,489	50,180	48.5	39,638	38.3
1904	227	103	45.4	78	34.4	101,573	56,030	55.2	40,730	40.1
1905	288	128	44.4	101	35.1	133,379	68,796	51.6	57,606	43.2
1906	371	141	38.0	116	31.3	164,872	78,411	47.6	66,595	40.4
1907	313	168	53.7	98	31.3	138,602	93,023	67.1	57,036	41.2
1908	222	134	60.4	116	52.3	115,329	79,230	68.7	64,222	55.7
1909	341	165	48.4	139	40.8	152,791	92,074	60.3	78,018	51.1
1910	425	172	40.5	139	32.7	198,090	100,420	50.7	81,386	41.1
1911	387	194	50.1	152	39.3	182,018	114,504	62.9	88,477	48.6
1912	428	178	41.5	156	36.4	218,391	113,880	52.1	96,456	44.2
1913	567	229	40.4	184	32.5	309,346	159,160	51.5	137,730	44.5
1914	456	278	61.0	225	49.3	263,371	198,960	75.6	164,360	62.4
Average	326	153	46.9	121	37.2	159,448	92,055	57.7	74,113	46.5

For the period covered by the figures shown in the preceding table, representing the entire life of the plan, the average proportions of the total employed and of the total pay roll that appeared on the preliminary profit-sharing roll were 46.9 per cent and 57.7 per cent, respectively. By postponing the actual participation date one year, the above-given proportions were reduced, on the average, about one-fifth, to 37.2 per cent and 46.5 per cent, respectively. The table shows that at no time during the existence of the plan did the proportion of the total employed that participated in the distributed profits exceed 52.3 per cent. The average proportion that participated during the entire period was slightly above one-third of all employed, namely, 37.2 per cent.

Since the introduction of the plan in 1901, the following profit-sharing dividends on the earnings of the participants were paid:

TABLE 11.—PER CENT OF EARNINGS OF PARTICIPANTS PAID AS PROFIT-SHARING DIVIDENDS, BY YEARS, 1901 TO 1915.

Year.	Dividend (per cent of earnings).	Year.	Dividend (per cent of earnings).	Year.	Dividend (per cent of earnings).
1901	11.4	1906	18.5	1911	9.3
1902	14.9	1907	18.2	1912	11.4
1903	12.3	1908	9.8	1913	13.6
1904	7.4	1909	9.5	1914	10.2
1905	12.7	1910	10.5	1915	8.3

The highest dividend paid under the plan since its inception in 1901 was 18.5 per cent, in 1906; the lowest, 7.4 per cent, in 1904. The average dividend during the entire period was about 12 per cent.

The profit-sharing plan of this company was copied and, with a very few modifications, put into operation in 1915 in the establishment of the ——— Co., with the following results of the first year's operation of the plan:

(1) Proportion participating—per cent of total employed, 54.5; (2) pay roll of participating employees—per cent of total pay roll, 72.5; (3) amount distributed—per cent of total pay roll, 3.6; (4) amount distributed—per cent of pay roll of participating employees, 5.

PLAN NO. 2.

The distinguishing features of the plan designated as No. 2 are: (1) The participation of representatives of the employees in the administration of the plan, as shown in provisions 5 and 6 of the text given below, and (2) the privilege granted to employees to verify the profit accounts of the company through the naming by them of an accountant, the expense of the hiring of which is to be borne jointly by the management and the employees, as shown in provision 4 of the plan.

The plan was put into operation in 1914. As a result of its workings during the following year a profit-sharing dividend of 1 per cent of the earnings of the participants, 84.9 per cent of all employed, was declared.

The text of this plan is herewith reproduced fully:

We, the stockholders of the ——— Co., hereby offer and propose:

1. That after paying all salaries and wages as heretofore and paying all stockholders 7 per cent annually on book value of the stock of the ——— Co., and after creating a sinking fund equal to 5 per cent of our outstanding preferred stock annually (as per our constitution and by-laws), and after taking off a reasonable amount for wear and tear on buildings and machinery, said amount not to be in excess of 5 per cent of the book value of same, we will then take the profits of the said ——— Co. and its branches and divide between the stockholders and the employees of said company according to the ratio that the total pay roll bears to the total capital invested. So that an individual employee earning $1,000 a year would share equally with the stockholder whose stock has a book value of $1,000.

2. These profits are to be paid to the employees of said corporation annually, only those employees participating who shall have put in at least nine months of service during the 12 months just previous to the end of the fiscal year.

3. The share of the profits that would accrue to the transient labor shall be used for shop betterment, and if found necessary both the employees and the stockholders will be expected to contribute their share for additional shop betterment from time to time. But no more than 10 per cent of said profits shall be employed in additional shop betterment in any one year.

4. It is understood that the employees are to have the sole naming and employing of a chartered accountant to ascertain the actual profits from year to year. The ex-

pense of said accountant to be paid (from profits) before a division is made. In case that for any reason there are no profits to divide, the report of the above-mentioned accountant shall be to the effect that there will be no profits this year for division.

5. The employees of said ——— Co. shall elect a committee of three from each of the following departments to act as a general committee representing the employees:

(*a*) From the mattress-making department and feather room; (*b*) from the tick-making department; (*c*) from the office and shipping department; (*d*) from the iron-bed department and machine shop; (*e*) from the first floor woodworking, couch-making, and spring-bed department other than the Way Sagless; (*f*) from the Way Sagless department; (*g*) from the brass-bed department; (*h*) from the traveling men and branch managers.

6. No foreman is eligible to a place on this committee, but the foremen will be invited in by the management at all conferences. Committees for safety and shop betterment will be selected from time to time to cooperate with the general committee.

PLAN NO. 3.

Plan No. 3 contains a peculiar provision for the determination of the individual shares in the divisible profits, the method of determining such shares being rather arbitrary, at the discretion of the employer, there appearing no rules formulated in advance as to how the individual shares will be computed.

Under this plan, the employees selected to participate are given profit-sharing certificates stipulating the total number of shares out of the distributable net profits (the divisible fund consisting of 3,000 shares) to which they are entitled. In April of each year a general account of the profits of the business is made and out of the net earnings, after deducting the usual depreciation, dividend, and interest charges, at least one-fourth is set aside for distribution among profit-sharing employees in such proportions as their respective holdings bear to the total number of shares issued. Those holding certificates less than a year receive a share in the profits proportionate to the length of time they have held their certificates.

Certificates must be surrendered and all benefits cease upon the death of the employee or upon his leaving the service of the company, whether he leaves voluntarily or is discharged, even without justifiable cause, or upon the withdrawal of the certificate from him by the company without the holder ceasing to be an employee. A share of the profits proportionate to the part of the year during which the certificate has been held is given, however, in the event of the death of a shareholder, to his personal representative; or to the employee upon terminating the employment by discharge not for justifiable cause, or upon withdrawal of a certificate by the company.

The results of the operation of the plan in 1914 were as follows: Per cent of total employed participating, 66.8; profit-sharing dividend on the regular earnings of the employees, 14 per cent; cost of the plan to the employer in terms of the entire pay roll of the establishment, 11.7 per cent.

The following is the original text of this plan in full:

First. The company agrees, during the continuance of this agreement, to set apart for division among its employees an amount equal to not less than one-quarter of the net profits of said business; such profits to be determined as hereinafter provided. The amount assigned for distribution is hereinafter called the distributable profits.

Second. The rights to the distributable profits as determined by the company shall be divided into three thousand (3,000) or more shares to be issued from time to time, each share entitling the person who at the close of the profit year is the owner thereof to that proportion of the distributable profits which one bears to the total number of shares issued; and in case such share has at the close of the profit year been held less than a year, to that proportion of one share of such distributable profits which the part of the year subsequent to the date of the issue of the certificate to him bears to a full year.

Third. The distribution of the profit shares shall be made by the company to the employees in such proportions as the company deems advisable. The number of profit shares to be issued may be increased from time to time as the company may deem advisable. The company may at any time in its discretion withdraw profit shares from any holder thereof, even though he remains an employee.

Fourth. Every employee entitled to profit shares shall receive a certificate specifying the number of shares to which he is entitled.

Fifth. Every owner of one or more shares provided for in article second shall have by virtue thereof the following rights and none others, and be subject to the following obligations:

1. The owner of each share on the first day of the profit year (which shall begin some day in April) shall upon the distribution of profits hereunder for the profit year ending the day preceding, receive that proportion of the distributable profits as specified which one bears to the total number of profit shares issued; or, if he has then held the share for less than one year, that fractional part of such distributable profits incident to one share which is proportionate to the part of the year subsequent to the date of issue

2. Every shareholder shall be bound to accept the determination of the distributable profits made by the company as final and conclusive, and shall have no right to an accounting or to recovery of any profits except such as the company shall determine to be the profits distributable to him.

3. The ownership of each share shall cease upon the death of the owner or upon his otherwise actually ceasing for any cause to be in the employ of the company, whether such owner has voluntarily left the employ or has been discharged, even without justifiable cause; or upon the withdrawal of the share from him by the company without the holder ceasing to be an employee: But upon the death of a shareholder his personal representative, and upon termination of employment by discharge not for justifiable cause, or upon such withdrawal of the share by the company, the employee shall be entitled at the next distribution of profits to receive for each share represented by such certificate the part of the distributable profits incident to one share as determined for the profit year current at the termination of his ownership proportionate to the part of such year during which such employee held such share. Upon termination of employment otherwise than by death or discharge not for justifiable cause, the employee shall not be entitled to any part of the profits for the then current profit year, but may be given such part, if any, as the company thinks fit.

4. Each owner of a share and the personal representative of each deceased shareholder shall upon the termination of his ownership at once surrender his certificate to the company.

5. No share shall be transferable by the owner.

6. The right of a shareholder to receive profits shall not be assignable, and no payment shall be made in accordance with any assignment or order by way of anticipation;

nor shall any profits be payable for any year unless the profit-sharing certificate is presented to the company with request for such payment, not later than three months after the profits are payable, unless otherwise directed by the company.

Sixth. All shares issued to employees shall upon the termination of ownership as above provided revert to the company and shall thereafter be treated as unissued shares, subject to reissue by the company from time to time.

Seventh. For the purpose of this agreement a general account of the profits of the business shall be made up each year as of some day in April. The profits of the company, of which at least one-quarter is to be set apart for the employees, shall be taken to be the net earnings of the company ascertained in the customary manner, and after deducting also the customary depreciation charge, the dividend paid on the preferred stock, and the interest on outstanding scrip.

Eighth. The company reserves among other things the full right to make such modification in the salaries of employees as it sees fit, not inconsistent with the by-laws, and to increase or diminish the number of employees.

Ninth. All property and assets employed or to be employed in the business shall remain the sole and exclusive property of the company, and it shall have full authority and entire control in all matters relating to the business.

Tenth. The company shall have the right to make from time to time such modification in the terms of this plan and agreement as it shall deem fit, and may at any time terminate the agreement and all right to share in the profits. If notice to terminate is given in any year before July 1, it shall operate as of the commencement of the profit year. If such notice is given after July 1 it shall take effect at the close of the then current year.

Eleventh. The rights herein reserved to said company shall inure to and be exercisable by its successors and assigns.

PLAN NO. 4.

Plan No. 4 has been in operation several years and is interesting chiefly because of the method used in apportioning the divisible fund to the various groups of the participating employees. Under this plan 52 per cent of the net profits of the business over and above what is assumed to be a moderate return on the investment becomes available for distribution. Over four-fifths of this fund, however, goes to the executive employees—13 in number and about 6 per cent of all employed—the remaining one-fifth being distributed among the rank and file of the working organization. The result of this method of distribution has been that while profit-sharing dividends on regular earnings averaged about 100 per cent for the executive group, these dividends averaged only about 5 per cent for the rank and file of the employees.

Originally the plan applied only to head workmen and a few of the higher executives. In 1892 the plan was extended to cover the clerical employees of the company, and shortly after the productive force was brought under it.

At the present time the company, after paying all the legitimate expenses of the undertaking, including 6 per cent on the capital invested, distributes the remaining net profits as follows:

1. Of the remaining net profits 42½ per cent is paid to a group of executive employees numbering 13, the specific proportion assigned

to each member of this group depending entirely upon the relative importance of his or her position. Of the 13 employees mentioned, seven receive 5 per cent each; one, 2 per cent; two, 1⅔ per cent each; and three, two-thirds of 1 per cent each of the divisible profits.

2. Ten per cent is divided among the entire working organization, exclusive of the employees above described, the basis of the distribution being the annual earnings of each one of them.

3. The remaining 47⅔ per cent is paid in extra dividends to the stockholders of the company.

The employees referred to in the first group are chiefly heads and assistant heads of departments and technical men who are selected for participation because of the importance and responsibility of the positions they hold, and because it is thought that upon their individual efforts, more than any other factor, depend the profits of the concern.

All salaried employees become eligible to share in the profits one year after entering the employ of the firm. All other employees must be in the service of the company at least two years before becoming eligible for participation.

The table given below shows the aggregate salaries and shares of profit of the executive employees and of employees other than executive, by years, since 1905.

TABLE 12.—EARNINGS AND SHARES OF PROFITS OF EXECUTIVE EMPLOYEES AND OF OTHER EMPLOYEES, BY YEARS, 1905 TO 1915.

Year.	Executive employees.			Employees other than executive.		
	Salaries.	Profit-sharing dividend.		Wages.	Profit-sharing dividend.	
		Amount.	Per cent of salaries.		Amount.	Per cent of wages.
1905	$20,700	$17,423	84.2	$94,300	$4,839	5.1
1906	19,200	17,668	92.0	104,800	5,197	5.0
1907	21,000	3,835	18.3	105,000	1,096	1.0
1908	19,350	14,965	77.3	114,600	4,534	4.0
1909	15,900	13,420	84.4	116,500	5,367	4.6
1910	16,500	12,063	73.1	120,500	4,159	3.5
1911	16,500	7,875	47.7	121,500	2,715	2.2
1912	20,100	32,510	161.7	124,900	10,487	8.4
1913	20,100	20,721	103.1	139,900	6,682	4.8
1914	22,500	36,931	164.1	150;500	10,251	6.8
1915	33,300	58,830	176.7	156,700	13,681	8.7
Average	20,468	21,476	104.9	122,655	6,273	5.1

The average profit-sharing dividend for the executive employees for the last 11 years of the operation of the plan was 104.9 per cent of the average amount paid as salaries; i. e., they received more in profits than in salaries, the dividends of individual years varying considerably, from 18.3 per cent of the salaries in 1907, to 176.7 per cent in 1915.

The average profit-sharing dividend of employees other than executive for the years 1905 to 1915 was 5.1 per cent of the wages received, the dividends of specific years varying from 1 per cent of the wages in 1907 to 8.7 per cent in 1915.

The relative numerical strength of the two groups of participants is shown in the following table, by years:

TABLE 13.—NUMBER AND PER CENT OF EMPLOYEES PARTICIPATING IN PROFIT SHARING, AND NUMBER AND PER CENT OF PARTICIPANTS BELONGING TO EACH SPECIFIED CLASS, BY YEARS, 1905 TO 1915.

Year.	Total employees.	Employees participating in profits.					
		Executive employees.		Employees other than executive.		Total.	
		Number.	Per cent of total participating.	Number.	Per cent of total participating.	Number.	Per cent of total employees.
1905	182	9	7.3	114	92.7	123	67.6
1906	190	9	7.0	119	93.0	128	67.4
1907	202	10	7.9	116	92.1	126	62.4
1908	210	10	7.0	133	93.0	143	68.1
1909	215	8	5.2	145	94.8	153	71.2
1910	200	8	5.6	134	94.4	142	71.0
1911	201	8	5.8	131	94.2	139	69.2
1912	236	10	6.6	142	93.4	152	64.4
1913	240	10	6.7	140	93.3	150	62.5
1914	245	11	7.0	147	93.0	158	64.5
1915	255	13	6.8	178	93.2	191	74.9
Average	216	10	6.6	136	93.4	146	67.6

Since 1905 the ratio of participating executives to participants in all other occupations was, on the average, 6.6 to 93.4, the annual variations presenting no violent fluctuations from the stated mean. During this period an average of 67.6 per cent of all employees participated in the profit sharing.

The following table shows how the divisible fund has been apportioned among the two groups of participants since 1905, by years:

TABLE 14.—AMOUNT AND PER CENT OF TOTAL PROFIT-SHARING FUND RECEIVED BY EACH CLASS OF EMPLOYEES, BY YEARS, 1905 TO 1915.

Year.	Total fund.	Received by executive employees.		Received by all other employees.	
		Amount.	Per cent.	Amount.	Per cent.
1905	$22,262	$17,423	78.3	$4,839	21.7
1906	22,865	17,668	77.3	5,197	22.7
1907	4,931	3,835	77.8	1,096	22.2
1908	19,499	14,965	76.7	4,534	23.3
1909	18,787	13,420	71.4	5,367	28.6
1910	16,222	12,063	74.4	4,159	25.6
1911	10,590	7,875	74.4	2,715	25.6
1912	42,997	32,510	75.6	10,487	24.4
1913	27,403	20,721	75.6	6,682	24.4
1914	47,182	36,931	78.3	10,251	21.7
1915	72,511	58,830	81.1	13,681	18.9
Average	27,750	21,476	77.4	6,273	22.6

The annual divisible profits for a period of 11 years were apportioned among the two principal groups of participants—executives and "all others"—on the average in the ratio of 77.4 to 22.6.

The results of the working of the plan as a whole for a period of 11 years may briefly be summarized as follows: The executive group of employees—on the average 6.6 per cent of all participating, received over three-fourths of the entire divisible fund, while all other profit sharers, numbering over 90 per cent of the total force, received, on an average, slightly less than one-fourth of the fund, the so-called profit-sharing dividends on annual earnings of the respective groups having been 104.9 per cent and 5.1 per cent, respectively.

PLAN NO. 5.

Under plan No. 5 all the net profits of the business over and above a 6 per cent return on the capital invested is distributed between the participating employees and the firm on the basis of the earnings of the employees and the interest on the capital invested. The object of the plan, however, is not to augment the current earnings of the employees, but rather to create for the participating employees an annuity to become available at the time when their productive powers begin to decline.

This company was organized in 1873, but the subject of profit sharing, although under discussion for some years, was not formally brought to the attention of the stockholders until their annual meeting of January 31, 18—, when the matter was discussed and a special committee of three appointed to draw up such a plan for consideration at the next meeting of the stockholders, to be held one week later, February 7, 18—. The appointed committee on profit sharing then submitted a plan which was, after considerable discussion, adopted by a vote of 653 to 321. At this meeting it was also unanimously decided to pay each man who had been in the company's employ during the previous year, in cash, 10 per cent of his annual earnings for the year.

On February 24, 18—, there was held a special meeting of the stockholders at which it was voted to increase the capital stock of the company to $300,000, $200,000 of which was to be known as preferred and fully paid up, and $100,000 as common stock to be issued on a profit-sharing plan to capital and labor. At the beginning of each year an inventory was to be taken showing all assets and liabilities, and the net amount by which the assets exceeded the liabilities was to be considered the net gain or profit of the business for the preceding year. Ten per cent of this net profit was to be set aside as a sinking fund, and the remainder to be divided, the individual shares of the employees to be paid 15 per cent in cash and 85 per cent in the common stock of the company, only those of the employees to participate in the profits who were in the company's employ for at least two years. This plan

was unanimously adopted and constitutes the first real profit-sharing plan adopted by the company, the mentioned distribution of 10 per cent on the earnings of the preceding year having had no direct relation to the profits of the business.

No changes of any significance were made in this plan until 1904 when the relative proportions of each share of an employee's profits to be paid in cash and stock were changed from 15 and 85 to 10 and 90, respectively.

In 1910 the plan was again revised, the new amendments prohibiting employees from disposing of their profit-sharing stock to outsiders before offering it to the company on conditions stipulated in paragraphs 26 to 40 of the plan reproduced below.

The provision of the so-called purchase contract prohibiting the sale of profit-sharing stock to outsiders was due chiefly to the fact that some of the employees were in the habit of selling their stock far below its real value, a fact resulting, it was said, in (1) outsiders getting hold of stock of the company in which they had only a speculative interest—a very undesirable fact from the point of view of the management, and (2) great benefits to these outsiders because the stock, intrinsically, was worth more than the amount sold for by the employees. Outsiders thus "were getting profits that they did not help to make." By prohibiting such sales the company prevented stock of the company from falling into hands of "absentee owners" and appropriated for the benefit of the organization profits that would otherwise have gone to outsiders.

The following is a brief summary of the principal features of this plan:

"Partial" wages are paid to factory employees weekly and to the office staff monthly; the "remaining" wages are paid to "honorary" employees in the manner outlined below. "Honorary" employees are those who have been continuously in the employ of the company for 4,500 hours (2 years), and who have contractually agreed to deposit with the company all stock they may receive as "remaining" wages. "Partial" wages are here understood to be the customary wages paid to the same kind of labor in similar establishments; the "remaining" wages, which seem to be regarded by the firm as being in the nature of deferred wages, are to be considered the share in profits.

To determine the profits and the "remaining" wages of the year, an inventory is taken on January first of each year, of all assets, excluding accrued interest, and all liabilities, including stock-purchasing fund [1] and sinking fund, and the face value of stock outstanding.

In case of a loss it is to be drawn from the sinking fund. Profits are to be distributed in the following manner:

[1] The money set aside for the stock-purchasing fund is only temporarily withheld from being paid in remaining wages and extra preferred dividends. Whatever is taken from the purchasing fund to buy distributed at the end of the year in remaining wages and extra preferred dividends.

(1) A dividend of 5 per cent, payable in advance out of the sinking fund, is received by the preferred stockholders; thus the first charge is used to recoup the sums taken out of the sinking fund for dividends on preferred stock.

(2) Five per cent dividend is then to be paid on the common stock.

(3) Five dollars are paid into the stock-purchasing fund for every share of stock on deposit with the company.

(4) Ten per cent of the amount then remaining is paid into the sinking fund.

(5) The other 90 per cent is paid to the preferred stockholders as an extra dividend and to the "honorary" employees as remaining wages, the amounts paid to each individual being in proportion to his dividends or his "partial" wages, as the case may be. Nine-tenths of such extra dividends or "remaining" wages is paid in common stock, the remaining one-tenth in cash, on December 1 following.

If, in any year, the amount of the extra preferred dividends and "remaining" wages is greater than the regular 5 per cent preferred dividend and the "partial" wages, such surplus goes to the stock-purchasing fund.

An employee ceases to be an "honorary" employee and thereby relinquishes his claims upon "remaining" wages if he sells his stock or draws it out of deposit, leaves the employ of the company, or is discharged, or is absent for a week or more without leave. He also forfeits the cash part of his bonus if he leaves the service of the company or is discharged before October 1. If an employee is engaged by a competitor or works for himself or for others for five years, his stock may be purchased by the company without his consent.

After 25 years of service employees may retire; such employees may retain their shares as long as they are on the retired list and continue to receive the sum of $5 per share annually, in addition to dividends, toward the purchase of the same. Payments are made out of the stock-purchasing fund and must not exceed 15 in number.

Only active employees may deposit their stock with the company under the purchase contract. Employees permanently injured or contracting a fatal illness may not deposit their stock after such injury or after the beginning of such illness.

The profit-sharing plan as outlined above applies only to employees working in the main factory at ———, and does not include salesmen or employees away from the main plant. A similar but less liberal form of profit sharing is practiced at the branch houses of the firm.

Herewith is reproduced in full the text of this plan:

(1) *Resolved*, That the preferred stock be paid a 5 per cent annual dividend quarterly in advance on the 1st day of January, April, July, and October, the same to be taken from the sinking fund.

(2) That the employees of the factory proper be paid partial wages weekly and office employees partial wages at the end of each month, which shall be full compensation for their services until they are entitled to remaining wages (see pars. 9, 20, 21, and 22); the remaining wages of the honorary employees to be fixed at the end of each year after the results of the year are known.

(3) To determine the remaining wages an inventory shall be taken January 1 of each year of all assets, excluding accrued interest, and all liabilities, including stock-purchasing fund (see pars. 7, 10, 11, 12, 32, and 34) and sinking fund (see par. 8) and the face value of stock outstanding without deducting the indorsements on stock on deposit.

(4) In case the liabilities exceed the assets, the loss shall be drawn from the sinking fund; but if the assets are greater than the liabilities the excess shall be used as follows:

(5) 1. To replace the amounts taken from the sinking fund during the year for preferred stock dividends. (See par. 1.)

(6) 2. To pay a 5 per cent annual dividend on common stock; the same to be paid quarterly on the 1st day of March, June, September, and December.

(7) 3. To pay into a stock-purchasing fund $5 for every share of stock on deposit with the company January 1, subject to the purchasing contract. (See par. 26.)

(8) 4. Ten per cent of the amount yet remaining shall be added to the sinking fund. Nothing shall be drawn from the sinking fund except to pay preferred stock dividends and losses in a year's business.

(9) 5. The other 90 per cent shall be paid to the preferred stockholders as an extra dividend, and to the honorary employees of the company December 31 (see pars. 20, 21, and 22) as remaining wages; the amounts going to the several individuals to be proportional to their 5 per cent dividend on their preferred stock and their wages as honorary employees at their partial hourly wage rates. Nine-tenths of the total amount paid as extra preferred dividend and remaining wages shall be paid in common stock, figured at par as soon as possible after the inventory is completed and the other one-tenth shall be paid in cash on December 1. (See par. 24.)

(10) In no year shall the amount paid in extra preferred dividends and in remaining wages exceed the partial hourly wages and the regular 5 per cent preferred dividends. If the amount to be paid should be greater, the excess shall be added to the stock-purchasing fund.

(11) The stock-purchasing fund shall be increased by the amount each purchase of stock by the company is less than par.

(12) The stock-purchasing fund in excess of five times the last annual indorsement on retired employees' stock (see par. 32) may be used to purchase stock on deposit. (See par. 34.)

(13) The stock-purchasing fund shall not be used for other purposes than described in paragraphs 12, 32, and 34.

(14) No stock certificates shall be issued for less than $100. The fractional amounts due in stock, which can not be issued in full shares, shall be known as stubs and combined into whole shares and sold at the annual meeting to the employees, owners of preferred stock, and the company.

(15) The number of shares so sold shall be the sum of the stubs divided by 100, less the decimal.

(16) Each bid shall be in writing and give the name of the bidder, the number of shares he will purchase, and the price he will pay per share.

(17) The highest bidder shall be awarded the number of shares he has bid for; the next highest bidder his, and so on, until all the shares are disposed of. Should there not be sufficient bids to take all the stock, then more bids shall be asked for and the directors may instruct the secretary then to put in a bid for the company. The bidding shall continue until all the shares are sold.

(18) The proceeds of the sale shall belong to the company and they shall pay the stub owners such a per cent of the face of their stub as the total amount received for the stub shares bears to the total face value of the stub shares sold.

(19) On March 1 the stub shares shall be issued and payment for them received by the company and amounts due the owners on stubs paid.

(20) Any person who has been continuously in the employ of the company at the factory for 4,500 hours and has contracted to place on deposit with the company subject to the purchase contract (see par. 26) all stock he may receive as remaining wages shall thereupon become an honorary employee.

(21) Any person shall be deemed to have quit the employ of the company who has absented himself from his work for one week or more, without first obtaining leave of absence from the superintendent.

(22) Any person who shall sell any of his stock or draw it out of deposit (see par. 35), who quits the employ of the company or who has been discharged ceases to be an honorary employee and is not entitled to remaining wages for that year unless reinstated by a vote of the directors.

(23) The fixing of all partial wages and salaries, and the hiring and discharging of employees shall be done by the general manager, superintendent, or such other officer as the company may designate.

(24) Any person who shall quit the services of the company or be discharged prior to October 1 in any year shall forfeit the cash due him on December 1 for remaining wages. (See par. 9.) This does not apply to persons going onto the retired list.

(25) Any employee whether at the factory in ——— or elsewhere may deposit his stock with the company and receive the benefits resulting from so doing by signing the following contract:

PURCHASE CONTRACT.

(26) Contract between the ——— Co. of ———, hereafter designated as the company and ——— of ———, hereafter designated as the owner.

(27) This certifies that the owner has deposited with the company ——— shares of the ——— Co.'s common stock herewith attached under the following conditions:

(28) The owner agrees that when he sells this stock, he will sell to the company at the market price less all indorsements[1] made on it.

(29) The market price shall be determined by the directors by adding together the amounts received for the last 100 shares of the stock sold for cash, the price of which is definitely known, and dividing by 100.

(30) The owner agrees that the company may, by vote of the directors, purchase this stock without his consent at the market price when he enters the employ of a competitor or has engaged actively in work for himself or for others for five years. (See par. 39.)

(31) If the owner works for the company until he retires and does not again actively engage in work for himself or for others, then the company may not purchase the stock without the owner's consent so long as he lives.

(32) In consideration of placing this stock on deposit under contract to sell, the company agrees to pay March 1 of each year from the stock-purchasing fund (see pars. 7, 10, 11, 12) to the owner, after he is retired and so long as the owner's name continues on the retired list, $5 per share toward the purchase of the same, but the company will not make more than fifteen payments or a total of $75 per share.

(33) In case the stock-purchasing fund is not sufficient to indorse $5 on every share entitled to the indorsements, the directors shall decide what shares shall be skipped.

(34) The company agrees to purchase this stock whenever the owner requests it at the market price, less the indorsements if the market price is not above par, and if they have money in the stock-purchasing fund to purchase with.

[1] By "indorsement," as stated in par. 28 of the plan, is meant the $5 per share mentioned in par. 32.

(35) In case the owner makes a written request to the treasurer for the company to purchase this stock and the company does not purchase in thirty days, then the owner may take the stock out of deposit by paying back to the company the indorsements and $5 per share.

(36) If the market price at the time this stock is sold is less than the indorsements, it shall not be necessary for the owner to refund anything to the company.

(37) The fact that indorsements have been made on the stock, even the full amount of $75, shall not prevent the owner from drawing his full common-stock dividends nor voting his shares.

(38) When the owner has worked for the company 25 years, he may retire and his name shall be placed on the retired list and can not be removed so long as he does not again engage actively in work.

(39) This matter of again engaging actively in work is to be decided by the directors on the merits of the case. In general, a man who earns annually less than one-half the living expenses of himself and those dependent on him shall not be considered engaging actively in work.

(40) Persons who have been in the employ of the company 20 years, persons 60 years old, and persons who have been injured at the company's work to such an extent that they can no longer earn a living may be retired and their name placed on the retired list by the directors.

EXPLANATION.

As an example of what the new resolution will do for employees, suppose a man begins to work when he is 28 and gets his first stock when he is 30 years old. If for 25 years he receives an average of three shares of stock a year he will when he is 55 have $7,500 of stock. If he then retires his income from the dividends on the stock will be $375 a year and from the $5 a share indorsements it will also be $375 a year or a total of $750 a year. This will continue for 15 years or until he is 70 years old, when the indorsements will cease but the $375 dividends will continue as long as he lives.

The money set aside for the stock-purchasing fund is only temporarily withheld from being paid in remaining wages and extra preferred dividends. Whatever is taken from the purchasing fund to buy stock is divided up at the end of the year in remaining wages and extra preferred dividends.

The interest on the $5 indorsements, from the time they are made until the stock on which they are made is bought is a drain on the annual division, but it is probable the profit in purchasing stock below par will offset this several times.

It is not expected that the purchase fund will be more than sufficient to pay the indorsements on retired employees' stock and to purchase stock thrown on the market through death and broken health. Stock thrown on the market by able-bodied men quitting, panicky times, and bad years in our business, will have to be purchased with the company's other resources, withdrawn from deposit and sold outside, or remain unsold. When there is stock waiting to be purchased and the purchase fund is not sufficient to purchase all of it, then naturally the stock with the most indorsements would be purchased first.

After bad years in our business and in panicky times probably much stock will be on the market. Then outside buyers will be scarce and offer less than the prices determined according to paragraph 29. This price will therefore then be higher than the true market.

The company does not bind itself to buy stock except when there is money in the purchasing fund with which to buy. (See par. 33.)

If there is nothing in the purchasing fund to purchase with, then the company may, if they see fit, use such other funds as they may have to purchase stock on or off deposit and offer any price they may see fit.

If the company were to buy all of its stock at par it would have to sell all its notes, gages, bonds, merchandise, buildings, and land and go out of business.

Each share bought reduces the size of the company $100. They must make improvements and they should use so much of their annual gain for improvements and expansion as seems wise, and only what is left to buy stock. At present the purchasing fund provided for by the by-laws seems to be all that should be set aside annually for that purpose. It can be increased or diminished as future experience seems to indicate.

It should also be observed that only that part of the purchase fund in excess of five times the last annual indorsement on stock on deposit can be used to purchase stock.

Should it happen for a series of years that the company did not make even enough to pay its common-stock dividends, yet the purchase fund would be sufficient to pay the indorsements on retired employees' stock for about five years and maybe much longer as the company might, during this time, accept some desirable bargains in stock and pay for them with funds other than the stock-purchasing fund and whatever the purchase was below par would be added to the purchase fund and make more indorsements possible on retired employees' stock.

Only active employees may deposit their stock with the company under the purchase contract. Employees permanently injured or contracting a fatal illness may not deposit their stock after such injury or after the beginning of such illness.

The following table shows the profit-sharing dividends on earnings paid to participating employees since 1899, by years:

TABLE 15.—PER CENT OF EARNINGS PAID AS DIVIDENDS IN PROFIT-SHARING PLAN, BY YEARS, 1899 TO 1914.

Year.	Dividend (per cent of earnings).	Year.	Dividend (per cent of earnings.)	Year.	Dividend (per cent of earnings).	Year.	Dividend (per cent of earnings).
1899	60.3	1903	69.1	1907	100.0	1911	47.0
1900	82.7	1904	28.5	1908	78.0	1912	75.0
1901	73.8	1905	91.1	1909	100.0	1913	70.0
1902	98.4	1906	120.0	1910	100.0	1914	90.0

The lowest dividend paid, 28.5 per cent, was paid in 1904, while the highest, 120 per cent, was paid in 1906. Fourteen times out of sixteen the percentage dividend on wages exceeded 60 per cent of the regular earnings of the participants.

The table following shows the proportion of the total employees participating in the profits each year since 1899:

TABLE 16.—NUMBER AND PER CENT OF EMPLOYEES PARTICIPATING IN PROFITS, BY YEARS, 1899 TO 1914.

Year.	Total employees.	Employees participating in profits.		Year.	Total employees.	Employees participating in profits.	
		Number.	Per cent.			Number.	Per cent.
1899	55	34	61.8	1907	142	72	50.7
1900	55	45	81.8	1908	138	97	70.3
1901	65	55	84.6	1909	153	98	64.1
1902	100	53	53.0	1910	161	106	65.8
1903	79	51	64.6	1911	154	124	80.5
1904	90	64	71.1	1912	149	116	77.9
1905	96	64	66.7	1913	154	117	76.0
1906	120	64	53.3	1914	161	113	70.2

The percentage of the total employed that participated in the distributed profits during the period of 1899 to 1914 varied from 50.7 (the lowest) in 1907 to 84.6 (the highest) in 1901. In the distribution of 1914, 113, or 70.2 per cent of the total employed, participated. Over 80 per cent of the participating employees during that year were engaged in mechanical and manual occupations.

On December 31, 1914, as a result of the working of the plan, employees of the company held 67.8 per cent of the entire common stock, being in the possession of 54.1 per cent of the entire capitalization of the concern.

PLAN NO. 6.

Under the plan presented below it is the usual practice of the management to invest the accumulated shares of profits of the individual participants in the common or preferred stock of the company at the prevailing market quotations.

The bonus, or "premium" as it is called, credited to employees is a percentage of their total salaries or wages for the past year equal to the rate of interest paid on capital for the same year.

Whenever the accumulated "premiums" are sufficient to buy one or more preferred shares of the capital stock of the employing company at the then market price, the president of the company may either (1) pay to the employee in cash the amount of such premium or premiums, or (2) may purchase one or more such preferred shares for the employee; the latter form of "premium" payment is invariably adopted. Any balance remaining to the credit of the employee after such shares have been purchased bears 4 per cent interest.

Only those employees who have been in the employ of the company for one year before the beginning of any fiscal year take part in the apportionment which is made; thus an employee must be two years with the company before he receives any part of the profit-sharing fund.

The directors, with the advice of foremen and "others in a position to judge," determine which of the employees are entitled to receive premiums, which should include those who have shown "the greatest regularity, intelligence, and energy in the company's business"; likewise the board of directors reserves the right to fix at their discretion the number of profit sharers.

The company believes that these restrictions are very necessary to the success of the scheme, as they prevent "the employees from accepting the apportionment merely as an increase of their salary, instead of a reward for actual merit applicable only to the best employees."

Employees discharged or voluntarily leaving the service of the company before the end of the fiscal year forfeit their rights to premiums

for the current year, but receive any balance due them for premiums of the previous year.

Shares bought for employees are their absolute property, and they may sell them at any time. An employee intending to sell his shares, however, is obliged to notify the company in writing on a blank especially designated for that purpose, and if the sale does not meet with the approval of the directors, the employee selling the stock may be dropped from the list of profit sharers for at least one year.

Additional cash payments toward the purchase of the stock may be made by the employee, such payments drawing 4 per cent interest.

In 1911 the company invited the nomination, on the part of the profit-sharing employees, of a representative of their own selection to serve on its board of directors.

Since the date of the origin of the plan, dividends on annual earnings ranging from 7 per cent (the lowest) to 9 per cent (the highest) have been paid. No figures showing extent of participation from the inception of the plan to 1910 are available. The following are the percentages of total employed that have participated in the divisible profits since 1910: In 1911, 64.5 per cent; in 1912, 49.8 per cent; in 1913, 56 per cent; and in 1914, 62.6 per cent. As a result of the workings of this plan for a period of eight years, 1907 to 1914, 3,147 shares of common stock of the company, valued at over $280,000, have been acquired by the employees.

PLAN NO. 7.

The founder and principal owner of the business in which plan No. 7 has been in operation for more than 25 years is considered one of the foremost students of the problem. His plan is said to embrace the most successful method used in the application of the profit-sharing principle in business and industry.

The plan as it stands at present—1915—contains the following principal features: (1) Capital receives only what is considered a moderate return; (2) the surplusage of net profits over and above the return on capital is to be distributed to participating employees and consumers, but this surplusage does not automatically go to the beneficiaries of the plan. It goes instead to a so-called surplus fund out of which the moneys to be distributed, in amounts to be determined at the end of each year by the president of the company, are taken. As a result the fact that as a rule not all the available profits are distributed, the amount of money that has accumulated in the fund mentioned is at the present time equal to about one-half of the entire capitalization of the company. This fund presumably belongs to the company. Thus, as a matter of actual practice, not all of the profits of the company over and above the specified return on capital are utilized for profit-sharing purposes.

The original plan of this company provided that after allowing 7 per cent interest on the capital invested the remaining profits should be divided between capital and labor on the basis of the total capital invested and the total amount of wages paid, each employee's share being in proportion to his earnings for the year. Only employees who had been in the company's employ six months or more were to share.[1]

Originally the shares of profit were paid in cash or, at the option of the employee, stock was issued to him. After three years the rule was adopted by the company to pay the whole share in stock, which system is still in vogue. Dividends on profit-sharing stock are paid in cash. This applies to stock certificates as well as to stock for which no certificate has as yet been issued.

The most important change of all in the general nature of this plan occurred in 1905 by the elimination of extra dividends above 6 per cent to capital and the substitution of profit sharing for consumers on the basis of the gross profits on the purchases of the individual consumer during the year.

Under the plan as amended in 1905 and still in force, capital is to receive a fixed rate of interest, 6 per cent; provision is made for depreciation, bad debts, and the creation of a surplus fund out of which, at the discretion of the firm, shares of profits are to be paid to employees and consumers on the basis specified in the preceding paragraph.

Employees' shares of profits under this plan are termed "dividend, credit balance." Since 1905 the profit-sharing balances accumulating during the first three distribution periods are being transferred to the employees in common stock of the company in amounts corresponding to accumulated profit-sharing dividends. Thus an employee receiving his share of profits for the first time in January, 1911, would get only credit balances on the books of the firm until January, 1914, when a certificate of stock would be given to him for the accumulated amount. During these three years, if he leaves the service, voluntarily or by discharge, he loses all the profit-sharing credit balances accumulated during the entire periods, retaining, however, the cash dividends of 6 per cent which are paid to him on blocks of stock corresponding from time to time to his credit balances. Employees leaving the employ of the firm after having been under the plan three years or more retain their acquired stock and may dispose of it at pleasure.

Originally shares of profit were paid all in cash, but since the second year, in order "to make the profit-sharing plan assure an increasing permanency of the working force," shares are being paid all in stock. As

[1] At the present time the teamsters employed by this company in connection with its main commercial office are excluded from the benefits of the plan because through unionization and subsequent strikes their wages are "unusually high."

stated, after three years certificates of stock are issued to employees in amounts aggregating accumulated profit-sharing dividend balances up to even hundreds of dollars. Balances above even hundreds are credited subsequently to employees' accounts for a year or two and frequently canceled—that is, forfeited, as far as employees are concerned. It must be stated, however, that before any part of the so-called credit balance is canceled, the employee is given an opportunity to pay in the additional amount up to $100 that will buy a share of common stock of the company at par. As a matter of practice, if the balance to be paid in cash by the employee is not over $25 or $30 he pays it, thus acquiring an additional share of stock. If the amount to be paid in cash is over $25 or $30, employees usually prefer to forfeit the balance. The common stock of the company in which shares of profits are paid is not listed on any stock exchange—that is, is not on the market. It is issued to participating employees at par, $100, and bears 6 per cent interest. Its actual value at the present time, based upon assets of the corporation, is about $160.

One of the recent provisions of this plan prohibits employees while still in the employ of the company from selling their profit-sharing stock. In cases of real urgency and upon application made by individual employees, the company sometimes buys the employees' stock, in whole or in part.

Although, in a general way, all the details of the plan were formulated in 1905, as a matter of practice the one factor definitely fixed is that specifying that after all expenses, including 6 per cent on capital, are paid the remaining net profits are to go to a surplus fund, which is cumulative from year to year and out of which the divisible profits are to come. The specific amount to be distributed is determined by the company at the end of each distribution period and depends chiefly upon "general prosperity of the business." As a matter of fact, the management in determining the amount to be distributed is usually guided by the profit-sharing dividend paid the year before. At times, when the company, on account of a poor business year, can not pay a considerable dividend, the surplus moneys accumulated in the above-mentioned fund may be utilized to augment the dividend of the current year. As will be shown below, this was done in 1904. It was stated, however, that the fund is to be utilized only to the extent of about one-tenth of the total contemplated distribution for any specific year.

Since 1905 only about two-thirds of the nominally divisible profits were actually paid out to participating employees and consumers. There thus remains on hand a surplus fund of $750,000, equal to about one-half of the total capitalization of the company. This fund, according to the statement of the company, may be utilized in the manner following.

1. To meet general emergencies—commercial, financial, or otherwise.

2. To augment the available amount of money for purposes of distribution among employees and consumers.

That the former utilization of this fund seems to be the paramount one may be inferred from the fact, mentioned elsewhere, that in 1914, with this fund amounting to over half a million of dollars, the annual profits of the company were not considered sufficiently large to warrant a profit-sharing distribution.

No statistical data illustrating the workings of the plan between the year the plan was put into operation and 1896 were available. In the first year employees of the company were notified that the net profits of the business, "after allowing a commercial rate of interest on capital," would be apportioned equally between capital and labor, "to the first upon the basis of the investment and to the second upon the basis of the earnings of the participating employees." Owing to the big strike on the railroads the first year proved to be a very lean one and the profits made during that year allowed a profit-sharing dividend to the employees of only 5 per cent. The next year a dividend of 10 per cent was paid. It was then announced that thereafter profit-sharing dividends would be paid in common stock. The dividends continued at from 8 to 10 per cent until 1892, when they fell to 4 per cent. Because of the disturbance of business due to the panic of 1893 no profits were paid till the end of 1904, when a retroactive 4 per cent dividend on the earnings of employees for the period of 1896 to 1904 was declared. The following table shows the profit-sharing dividends paid to participating employees under the plan since 1905:

TABLE 17.—PER CENT OF EARNINGS PAID AS DIVIDENDS UNDER THE PROFIT-SHARING PLAN, BY YEARS, 1905 TO 1915.

Year.	Dividends (per cent of earnings).	Year.	Dividends (per cent of earnings).
1905	15	1910	10
1906	25	1911	10
1907	30	1912	15
1908	20	1913	10
1909	20	1915 [1]	10

[1] No dividend paid in 1914.

The highest per cent of dividend ever paid under the plan, 30 per cent on the annual earnings of the participants, was distributed in 1907. During the year 1914 the profits of the business were not considered sufficiently large by the management to warrant a profit-sharing dividend. In 1915 a profit-sharing dividend of 10 per cent was distributed.

The records of the company, with the exception of those for the years 1913 and 1915, do not permit any detailed analysis of the extent of participation in all of the branch establishments of this company, located in different parts of the United States. For the above-mentioned two years the percentages of the total employed that participated in the distributed profits were 67.7 and 74, respectively. Slightly over three-fourths of the participants in 1915 were engaged in occupations other than executive, clerical, or sales—that is, belonged to the mechanical and manual forces of the organization.

The following table shows the extent of participation in the commercial and manufacturing departments of the main plant of the company during the five years ending December 31, 1915, and in the establishment as a whole for 1913 and 1915:

TABLE 18.—NUMBER AND PER CENT OF EMPLOYEES IN THE MAIN PLANT PARTICIPATING IN PROFIT SHARING, BY DEPARTMENTS, AND PER CENT OF TOTAL EMPLOYEES PARTICIPATING, BY YEARS, 1911 TO 1915.

Year.	Main plant.						Per cent of total employees participating.
	Commercial department.			Manufacturing department.			
	Average number employed.	Participating in profit sharing.		Average number employed.	Participating in profit sharing.		
		Number.	Per cent.		Number.	Per cent.	
1911	138	117	84.8	269	239	88.8	(1)
1912	137	114	83.2	267	231	86.5	(1)
1913	142	99	69.7	244	224	91.8	67.7
1915 [2]	140	117	83.6	216	210	97.2	74.0

[1] Not reported. [2] No dividend paid in 1914.

The proportion of the total employed in the commercial department of the main plant that participated, clerical and commercial employees mostly, varied from 69.7 per cent (the lowest) in 1913, to 84.8 per cent (the highest) in 1911. The proportions in the manufacturing department participating—all manufacturing employees—were considerably larger, the lowest having been 86.5 per cent in 1912, and the highest 97.2 per cent in 1915. In 1914 no dividends were paid.

The relatively larger permanency of the manufacturing employees, as shown by the higher proportion of participants among them—the only prerequisite for participation being continuous service for six months—may be accounted for by the fact that the company in connection with this manufacturing department is carrying on numerous schemes of welfare work and cooperation for the benefit of the employees, the city in which the plant is located being one of the very few cooperative colonies in existence in the United States at the present time.

For the years 1913 and 1915 the extent of participation in the establishment as a whole is shown, no complete data being available for other years. The proportions participating were somewhat lower than in the commercial department of the main plant and considerably lower than in the manufacturing department of that plant. Over two-thirds of the total employed participated in the profits distributed during the year 1913 and nearly three-fourths during 1915.

The following table shows the respective proportions of the outstanding common and preferred stock of the company that were owned by employees, chiefly as a result of the operations of the profit-sharing plan, on December 31, 1915.

TABLE 19.—AMOUNT AND PER CENT OF STOCK OWNED BY EMPLOYEES.

Kind of stock.	Outstanding value.	Stock owned by employees.		Number of employees owning stock.
		Amount.	Per cent of total.	
Common	$1,019,800	$269,150	26.4	355
Preferred	133,800	16,275	12.2	65

Of the total issued common stock 26.4 per cent, and of the total issued preferred stock 12.2 per cent, was in the possession of employees of the company on December 31, 1915. Of the total number employed 420, or about 60 per cent, were stockholders of the company on the mentioned date. Employees thus owned and controlled 24.7 per cent of the total capitalization of the company. Inasmuch as preferred stock may not be acquired as shares in the profits (all such shares being paid in common stock) the proportion of the total capital of the company acquired by its employees through the operation of the profit-sharing plan is 23.3 per cent, or nearly one-fourth.[1]

PLAN NO. 8.

The significance of plan No. 8 lies in the fact that it is the only plan in operation in the United States at the present time under which the participating employees have to obligate themselves to participate in the possible losses of the business, the entire arrangement taking the form of a legal obligation on the part of all concerned.

In order to insure the covering of the possible losses the agreement provides that participating employees are to permit the company to retain 10 per cent of their regular earnings until the end of the distribution period, when the results of the year's business may be determined. In the opinion of the management, the latter provision

[1] In 1915 the founder of this concern and originator of the profit-sharing plan above described established in New Orleans a "Grocery and baking cooperative association." The employees of this association were put on a profit-sharing basis: Twenty-five per cent of all the net profits of the business, apportioned upon the basis of earnings, are to be distributed to them at the end of each business year.

eliminates from participation employees earning less than $600 per year, inasmuch as such employees can not afford to have one-tenth of their income retained for a period of 12 months. On the other hand, "employees earning, say, over $1,200 do not take any interest in the plan because the possible profits do not appear large enough to them." Thus the operation of the plan has been confined chiefly to employees whose earning power is somewhere between $600 and $1,200 per year, to the more skilled members of the manufacturing force, to foremen, and to clerical employees.

In order to ascertain the net profits, all expenses, including depreciation of buildings, tools and machinery, and bad debts are deducted from the gross profits of each year; 6 per cent interest is then paid on the capital invested, and the balance is divided between the company and the participating employees in such proportions as the total capital invested bears to total wages, the share of each employee being in proportion to his earnings.

In case of a net loss (dividend on capital not being figured) it is to be shared between the company and the participating employees in the same manner as profits are shared, but under no circumstances is any participating employee responsible for an amount greater than the amount reserved from his wages.

Employees may withdraw from the agreement or from the company's employ at any time, but in such instances the company reserves the right to hold the wage reserve fund until the end of the year, such employees sharing in the profits or losses. The company may at any time discharge an employee and require him to surrender his contract, but the employee is given the option to withdraw his reserve wages or leave them to participate in the results of the year. Should there be shortage of work, employees signing the agreement are not to be laid off, but the hours of labor are to be reduced.

With certain restrictions employees may, through a public accountant, inspect the books of the company.

The profit-sharing dividends received by employees under the plan since 1910 were as follows: In 1910, 6.4 per cent; in 1911, 4.5 per cent; in 1912, 3.9 per cent; in 1913, 7.5 per cent; in 1914, 6.7 per cent; and in 1915, 1.4 per cent of the earnings. At no time during the existence of the plan did the proportion of participating employees exceed 35 per cent of the total employed. Over one-half of the participants in 1914 belonged to mechanical and manual occupations.

The agreement drawn up between the company and its profit-sharing employees is herewith reprinted in full.

This article of agreement, made and entered into this --- day of — —, one thousand nine hundred and ——, by and between the - —— Co., party of the first part, and the signers hereto, all employees of said company, party of the second part, witnesseth as follows:

First. It is agreed that the party of the first part and the party of the second part shall share the profits and losses of the business of the —— Co. so long as they are both parties to this agreement.

Second. The profit shall be ascertained as follows: The inventory of the 1st of February past shall be taken as the starting point, and an inventory shall be taken in the same form on February 1 each year thereafter. From the gross results thus obtained shall be taken all expenses of every kind, including depreciation of buildings, tools and machinery, and bad debts, and the results of the above shall be considered the net gain or loss, as the case may be. If the result thus shown shall be gain, the capital actually invested, as shown by the inventory at the close of each year, shall first draw 6 per cent interest (or in case there is less than that amount, shall draw what net gain there is in liquidation of its claim), the balance then remaining shall be divided between the party of the first part and the party of the second part in such proportions as the actual capital invested in the business bears to the total wages of the party of the second part for each current year. The total amount coming to the party of the second part shall be divided among its individual members as the year's earnings of each bear to their total earnings.

Third. For each current year one-tenth of the wages of each of the parties of the second part shall be withheld by the party of the first part weekly; and in case there has not been a net loss on the entire business of the year this reserved money, together with his share in any accrued profit as figured above, shall be paid to each of the parties of the second part on or before March 1 of each succeeding year.

Fourth. In case there should be a net loss made on the business of the year without figuring any dividend for capital as above provided, this loss shall be divided between the party of the first part and the party of the second part in the same manner as described for dividing profit; but the party of the second part in no case shall become responsible for losses greater than the amount reserved from his wages.

Fifth. Other employees of the —— Co. may become parties to this agreement after this date on invitation of the party of the first part; but the computation of their share shall be figured only on wages earned after the date of their signature. Any party of the second part may withdraw either from this contract or from the company's employ at any time, but the party of the first part holds the right to retain his reserve until the expiration of the current year; and if said reserve is held its owner shall share in profits or losses at the expiration of said current year, but in no case can any party of the second part share in the profits or losses unless his reserve has been retained until the end of the year except as provided in article seventh.

Sixth. The party of the first part can at any time discharge any party of the second part from its employ and require him to withdraw from this contract; but in such case said party of the second part shall have the option to withdraw his full reserve or to leave it until the end of the year to share in results as above described.

Seventh. It is further agreed by the party of the first part that no party of the second part shall be temporarily retired from work so long as the party of the first part has any work of the kind said party of the second part is accustomed to do; but if there should be a shortage of work in the hands of the party of the first part it shall reduce the hours of work and so divide the work between the parties of the second part. If at any time any party of the second part should become sick or incapacitated to perform his duties, and has the certificate of a reputable physician that he is so incapacitated, after two weeks' duration of said sickness said party can draw on his reserve wages at a rate not greater than $6 per week without affecting his interests in the profits at the end of the year. Further, if any party of the second part should become injured on account of any accident while in the employ of the party of the first part, said party of the first part shall, at its own expense, provide him with a competent physician or surgeon after application is made to it stating that such services are needed.

Eighth. If any of the parties of the second part wish to inquire into the accuracy of the annual report made to them by the party of the first part, the books of the party of the first part shall be opened for inspection by any reputable public accountant employed by the party of the second part, provided such accountant will agree to confine his report to the statement that the company's report was or was not correct; and if not correct, shall fully define its error.

Ninth. It is agreed that all differences and disputes resulting from the operation of this contract shall be settled by arbitration.

PLAN NO. 9.

Under the following plan employees, aside from participating in one-fourth of the net profits over and above a specified return on the investment, are also permitted to invest their small savings in the business and receive dividends on their investment equal to the dividends paid on the other capital invested. For the latter purpose the company issues at par to its employees so-called profit-sharing certificates in denominations of $50 under the following conditions: Certificates are to draw interest at the rate of 6 per cent per annum, payable semiannually, and to be subject to redemption and recall, upon the written notice of the corporation to the owners, at par, plus interest at 6 per cent from date of last interest payment. The certificates must be surrendered by employees whenever they terminate their connection with the company.

In addition to the rate of interest upon the so-called profit-sharing certificates, the holders of such certificates and all other employees of the company as well, provided they have been in the service of the company continuously at least six months, are to share in the net profits of the business, the profit-sharing fund to be determined as follows: After paying all the legitimate expenses of the business, including a dividend of 10 per cent on the total capital invested and on the surplus account, and after paying the above-mentioned percentage on the so-called profit-sharing certificates, the remaining net profits are to be distributed among the following participating accounts in the proportion that each of these is to the aggregate amount of the accounts that are to participate: (1) Total capital invested, (2) surplus account, (3) total amount of outstanding profit-sharing certificates, and (4) wages and salaries of profit-sharing employees.

The basis of the issue of the above-mentioned certificates is determined in each and every instance by the management. Such certificates may be acquired only for cash, and this in practice limits the amount for which an employee may subscribe. Employees holding such certificates receive double shares in the divisible profits, as holders of certificates on the value of such certificates and as participating employees on the basis of their earnings. All shares are paid in cash.

The plan was put into operation as of the business year ending February 18, 1914. The distribution of the first year was made

exclusively on the basis of earnings, inasmuch as no profit-sharing certificates were as yet issued. A profit-sharing dividend of 20 per cent on the annual earnings of the participants was paid at the end of this year. No profits were available for distribution during the second year, but a substantial distribution is expected at the end of 1916.

PLAN NO. 10.

The establishment in which profit-sharing plan designated as No. 10 has been in operation for several years had in 1914 an average number employed of over 7,000 and is the largest establishment having a profit-sharing plan. Under the plan, eligible employees receive a share of the profits equal to one-third of the dividend paid on the common stock of the company over and above 10 per cent. It is apparent, therefore, that in a business earning smaller profits the application of the principle of this plan could hardly result in the payment of considerable amounts to the participating employees.

The wage-dividend (profit-sharing) plan of this company, as stated by the secretary of the welfare fund of the company, is as follows:

The plan is based on the assumption that dividends to common shareholders up to 10 per cent are the equivalent of the employee's fixed wage and that cash dividends in excess of that figure may be fairly considered as extraordinary. The plan devised, therefore, provides that the dividend to wage earners shall be based upon such extra cash dividends paid to shareholders. In arriving at the proportion (in the absence of any established standard) all of the factors bearing upon the problem, including length of service, have been taken into consideration, and it has been finally decided to fix the percentage of the wage dividend at 35 per cent of the percentage of the extra cash dividends paid to holders of common stock, same to be divided and applied on a period of five years.

The extra cash dividends paid to holders of common stock in the year 1914 having been 20 per cent instead of 30 per cent, as illustrated below, the wage dividend rate was reduced proportionately from 2.1 per cent to 1.4 per cent.

Only employees who are on the pay roll at the time the wage dividend reports are prepared and who worked the full calendar year preceding the payment of the dividend are considered, and continuous service only is recognized. That is to say, any employee who during the previous five years left and reentered the service of the company participates only from the time of reentry. Fractions of years over one year are counted. Pieceworkers participate on the same basis as those receiving fixed wages or salaries. Bonuses paid for efficiency are counted as wages, but payments from the welfare fund are not so treated.

No person having authority to engage labor for the company is permitted, in fixing wages, to take into account any wage dividends which may have been or may be received by the employee.

The trial of this plan does not commit the company to its continuance, but it may be assumed that if it is continued the wage dividend will be proportioned to the extra cash dividends paid on common stock.

The following is an illustration of the method employed in determining amounts of individual shares:

In 1911 the common-stock holders of the company received a 30 per cent dividend over and above the stipulated 10 per cent. Thirty-five per cent of the amount representing this additional 30 per cent dividend was then set aside for purposes of profit sharing—for labor dividends, as the company calls them. Thirty-five per cent of 30 is 10.5, the dividend on wages paid to employees with the longest term of service—five years and over—that is, such employees received as their labor dividend an amount equal to 10.5 per cent of their combined earnings for the five years preceding and including the distribution year. The amount in labor dividends paid to employees with the shortest length of service eligible under the plan—one year—was $\frac{10.5}{5}$, or 2.1 per cent, as no employees with a record of service shorter than one year are eligible for participation. An employee who was in the service 1 year and 10 months and has earned, for instance, $400 in the first period and $500 in the second, although not receiving anything on the earnings of the first 10 months before becoming eligible, gets a dividend after the second period on the earnings of both periods, that is, on $400 and $500, or on a total of $900.

The highest amount upon which dividends may be paid during any one year is the aggregate earnings of the employee during the last five years, including the distribution year.

Aside from the minimum qualification of length of service, employees, in order to participate in the labor dividend, must comply with the following conditions: (1) Appear on the list of those in employ of the company on December 31 of the distribution year; (2) appear on the final dividend list on March 1 of the year following the distribution period; and (3) be in the employ of the company on the distribution day, July 1, following December 31 of the distribution period.

The percentages of the total employed that received profit-sharing dividends under this plan were as follows: In 1911, 63 per cent; in 1912, 57.6 per cent; in 1913, 67.2 per cent; and in 1914, 88 per cent; the dividends on earnings paid during the same years having been 7.2 per cent, 6.9 per cent, 7 per cent, and 5 per cent, respectively. Over 85 per cent of all the participants in 1914 were engaged in mechanical and manual work. The cost of the plan to the company, in terms of a percentage of the pay roll of the organization, was: In 1911, 5.2 per cent; in 1912, 4.9 per cent; in 1913, 5.1 per cent; and in 1914, 4.1 per cent.

The table following shows the total number employed and the number and per cent participating for each year since 1911.

TABLE 20.—NUMBER AND PER CENT OF EMPLOYEES PARTICIPATING IN THE PROFIT-SHARING, BY YEARS, 1911 TO 1914.

Year.	Total employees.	Employees participating in profits.	
		Number.	Per cent.
1911	6,349	4,001	63.0
1912	8,177	4,712	57.6
1913	8,447	5,676	67.2
1914	7,348	6,466	88.0

The above table shows that the proportion of beneficiaries under the plan of this company has been on the increase since 1911 with the exception of one year, 1912, when the proportion participating decreased by about 6 per cent.

PLAN NO. 11.

The shares of profits paid to employees under plan No. 11 depend upon: (1) Dividends over and above 6 per cent declared on capital, and (2) length of continuous service of the employees, employees with a service record of three years or more receiving the maximum—a dividend on wages equal to the extra dividend paid on capital. Employees in service less than six months do not participate in the benefits of the plan.

The following are the essential features of this plan as originally announced to the employees on January 1, 1915:

There will be allowed 6 per cent interest on the capital stock.

After the above 6 per cent interest on capital stock has been paid, all cash dividends will be divided between stockholders and employees as follows:

All employees who have been in the service of the company continually for three years or more, same percentage as to stockholders.

All employees in the service for two years but less than three years, two-thirds of the rate of cash dividends.

All employees in the service for six months but less than two years, one-third of the rate of cash dividends.

Dividends to employees will be based on the total amount of wages paid each employee for the year ending December 31.

This will apply to all persons in any department or capacity who have served the company six months or over within the year except those dismissed or discharged.

Employees voluntarily leaving the service of the company, or dismissed or discharged, will forfeit their right to share in any dividends.

Should employees be laid off owing to lack of work, they will be entitled to their share of the dividends based on the wages received by them during the year.

In the announcement of the plan it was specifically stated that "*the directors* reserve the privilege to change this plan as they may *consider advisable for the* best interests of the organization."

Over nine-tenths of all employed participated in the distributed profits at the end of the first year's operation of the plan. Eighty-eight per cent of all the participating employees belonged to mechanical and manual occupations and were engaged in the actual processes of manufacturing. The average profit-sharing dividend on wages paid at the end of the year was 6.9 per cent, the cost of the plan to the management having been 6.2 per cent of the total pay roll of the establishment.

PLAN NO. 12.

Plan No. 12 represents a phase of profit sharing that, in view of the tendency manifested of late by employers to engage in so-called welfare work, is apparently destined to become more and more popular among them. Plans such as this are technically known as "deferred profit sharing," because the payments of the individual shares are deferred in order to accumulate an amount sufficient to constitute a pension for the participant after the expiration of a certain period of service. The pensions accumulating under such plans, however, are contributory, inasmuch as one of the main prerequisites for participation is that the participating employee deposit with the company, at regular intervals and for a certain specified length of time, stipulated amounts, these amounts in conjunction with the profit-sharing fund of the company being deemed sufficient to constitute at the end of a specified period a moderate pension for the employee.

The plan, which was established in 1916, provides that, subject to restrictions, employees may contribute 5 per cent of their monthly salary and the firm will contribute 5 per cent of its earnings (without reduction for dividends paid to stockholders) to a fund held by trustees, who will invest the money and have general administration of its benefits. The following is the text of this plan in full:

PURPOSE.

In order that employees may share in the profits of this business, and to encourage the habit of saving, the company has decided to contribute annually a sum equal to 5 per cent of its net earnings (without deduction of dividends to stockholders), as shown by the annual audit of its books, to an employees' savings and profit-sharing fund, as explained below, which will go into effect commencing July 1, 1916.

It is intended that this plan will furnish to those who remain in the employ of the company until they reach the age when they retire from active service a sum sufficient to provide for them thereafter, and that even those who achieve a long service record, but who may not remain with the company all of their business life, will have accumulated a substantial sum. This savings and profit-sharing fund will enable an employee to secure an income for himself after the close of his active business career or, in case of his death, for his family.

ELIGIBILITY.

1. Participation will be entirely voluntary.
2. Every employee of ——— Co., regardless of position, will, after three years of service, be eligible to participate in this fund, so long as he remains an employee.

CONTRIBUTIONS TO THE FUND.

1. An employee in order to participate must deposit in the fund 5 per cent of his salary. The company will contribute a sum equal to 5 per cent of its net earnings (without deduction for dividends paid stockholders), as shown by the annual audit of its books. As this fund starts July 1, the company will for the year 1916 contribute 5 per cent of one-half of the profits of the entire year.

2. No employee may deposit more than 5 per cent of his salary, and in no case more than $150 per annum; this limit being deemed advisable so that the higher salaried employees may not too largely participate in the fund.

PARTICIPATION IN THE PROFITS.

1. The contributions of the company will be made annually as soon after the first of each year as an audit of the books will permit, and will be credited pro rata to participating employees in the proportion which the amount deposited by each employee during the preceding year for which the company has contributed bears to the total amount deposited by all employees during such year.

2. So that every employee eligible to participate may have ample opportunity to carefully consider its advantages and to enter at its inception, all those joining prior to September 1, 1916, may, by paying into the fund 5 per cent of their salary from July 1, 1916, share in the fund from its inception as of July 1, 1916.

WITHDRAWALS.

1. A depositor who has completed 10 years of service will be entitled to withdraw all money credited to his account, including the company's contributions.

2. A depositor who has not completed 10 years of service will be entitled to withdraw only the amount he has deposited, plus interest at 5 per cent per annum, compounded semiannually, and no more; except in the case of a woman depositor who, after five years' service, leaves to become married, in which case she will be entitled to her full share in the fund, including the portion contributed by the company; and except in the case of the death of a depositor while in the service of the company, in which case his estate will be entitled to the full amount credited, including the contributions of the company, and the money due will be paid to his legal representatives.

3. A depositor shall withdraw upon ceasing to be an employee of the company, or upon failing to regularly make his deposit.

4. A depositor who once withdraws can not reenter the fund.

5. In any case of withdrawal where a depositor is entitled to share in the contributions of the company, he will receive the full amount to his credit, as shown by the accounting for the preceding year, plus interest at the rate of 5 per cent per annum and plus such sums as the depositor may have deposited since December 31 of the preceding year, with interest at 5 per cent per annum.

6. Loans will be made to depositors in cases of actual necessity and when in the opinion of the trustees the circumstances warrant it.

MANAGEMENT.

1. The fund will be handled, intrusted, and invested under the direction of a board of five trustees, to be selected by the board of directors of the company, three to be officers or directors and two employees (not officers or directors) of ——— Co.

2. It is intended that so far as practicable and advisable the fund will be invested in shares of stock of the company, to the end that the depositors may, in the largest measure possible, share in the earnings of the company.

3. The board of trustees may, from time to time, adopt rules to carry out the purposes of this plan, and may adopt amendments to the plan; but no change shall be made in the plan as above outlined unless the same is ratified by the vote of a majority of the depositors. All questions of interpretation of this plan, or amendments thereto,

or the rules pertaining thereto, or relating to any matter of accounting, values, profits, or any other matters or differences which may arise, shall be determined solely by the board of trustees, and the decision of the board shall be final and conclusive upon all concerned.

DISCONTINUANCE.

The fund may be discontinued at any time by announcement of the company, made at least six months before its final yearly contribution. After such announcement no new depositors will be eligible to join, and upon the payment into the fund of such final contribution the fund shall be distributed among all the depositors pro rata in proportion to their interests as ascertained by the board of trustees.

LIMITED PROFIT-SHARING PLANS.

DESCRIPTIVE AND STATISTICAL SUMMARY OF A SELECTED GROUP.

The number of establishments sharing some proportion of their profits with a few of their more important employees is known to be very large. Very frequently such profit sharing serves as a satisfactory automatic substitute for increases in the salaries of those in immediate charge of the operation of the business, for the purpose of offering them substantial inducements to remain in the service. In view, however, of the relatively small number of people affected by such plans it was deemed sufficient to limit the study of this phase of profit sharing to an intensive examination of a selected group of such plans, the basis of selection having been the relatively large (for limited profit-sharing plans) sphere of application, the greater part of the plans examined extending their benefits to the bulk of the executive, administrative, and supervisory employees, and in some instances also to a part of the higher paid employees of the manufacturing force.

THE DETERMINATION OF THE PROFIT-SHARING FUND.

The method of determining the proportion of the net profits to be distributed varies greatly under the limited profit-sharing plans studied, the usual practice prevailing, in over one-half of those examined, being the setting aside, at the discretion of the employer, of an arbitrary percentage of the profits after meeting all the legitimate expenses, including interest on the investment. The specific proportion of the profits thus set aside for the benefit of the employees varies greatly with the individual plans, its range of variation being from one-twentieth to one-half, with an approximate average of about one-fifth for the entire group of plans.

Under two plans dividends on wages varying with the amounts of net profits of the firm are paid. Under one plan the divisible fund is arrived at in the following manner: After meeting all the legitimate expenses of the company, including a dividend of 4 per cent on the preferred and of 6 per cent on the common stock, the surplus earnings are divided among three so-called participating accounts, as follows: (1) Account of bonus fund for employees (profit-sharing

fund); (2) account of dividends; and (3) account of sinking fund. The proportionate share of the surplus profits going to each of the three mentioned accounts is as each single or participating account is to the total of all participating accounts. The specific instances covered by these accounts are: Total wages of participants, amount of dividends paid, and amount to be allowed for depreciation, respectively.

Under another plan the divisible fund consists of the aggregate of dividends accruing on a specific number of shares of the capital stock of the company, set aside for that purpose, the shares themselves remaining all the time the property of the concern. Still another specifies a minimum amount of net profits that is to be earned before specific amounts (on a scale announced in advance) become available for profit-sharing purposes, the amounts distributed varying with the profits of the business over and above the stipulated minimum.

As a rule, the relative proportion of the profits available for distribution under these plans seems to be considerably larger than under the profit-sharing plans described in the preceeding pages of this report. This relative liberality of employers, coupled with the fact that the numbers of those participating are much smaller, account for the larger benefits accruing to the beneficiaries of the limited profit-sharing plans. Such results are naturally to be expected in view of the fact, mentioned elsewhere, that one of the principal objects of the limited profit-sharing plans is to furnish a method that would tend to encourage the more important policy-forming, executive, and supervisory employees to remain in the service of their respective employers permanently.

CONDITIONS OF ELIGIBILITY.

Seven, or slightly over 40 per cent, of 17 limited profit-sharing plans examined specify a minimum length of service—from one to five years—as a condition for participation. Almost all the plans bar from participation the wage-earning or manual workers, confining the benefits of the plan primarily to their executive, supervisory, and commercial employees, including in a few instances the regular clerical force.

One of the plans confines its operation to "employees of the company who have authority to formulate policies, make commitments, engage employees, and approve expenditures." The merit of service as established by the judgment of the employer seems to be one of the factors prerequisite to participation in a great majority of these plans. Two of the plans specify that only employees earning $100 per month be allowed to participate; one confines its operation to "all employees, except pieceworkers, with an earning capacity of at least $780 per year."

BASIS FOR COMPUTING INDIVIDUAL SHARES.

In the majority of the plans—those in operation in the smaller establishments mostly—the prospective beneficiary is informed in a general way of the method by which his individual share of profits will be computed. In a considerable number of the remaining plans, however, those chiefly in operation in organizations of considerable size, the method of determining the individual shares is unknown to the employees, such shares being determined usually by a special committee appointed by the management, individual shares varying with the reported efficiency as well as with the relative importance of the positions held by the prospective beneficiaries. Under such plans beneficiaries sometimes, under the penalty of dismissal or loss of favor with the company, are enjoined from communicating to each other the amount of their respective shares.

In only six of the plans are individual shares of profits based wholly upon salaries or earnings.

CONDITIONS OF FORFEITURE.

In every one of the limited profit-sharing plans examined discharge and voluntary leaving of employment act as automatic causes for forfeiture of profits of the current year. In one instance voluntary leave causes forfeiture of 25 per cent of the share of profits of the previous year, in addition to profits of the current year.

DISPOSITION OF FORFEITURES AND FORM OF PAYMENT.

Twelve of 17 limited profit-sharing plans examined specifically provide that amounts of forfeited shares be distributed among the other participating employees. Under four plans, or less than one-fourth of all studied, in view of the fact that profit sharing under them takes the form of a percentage dividend on earnings (a principle that does not involve the setting aside in advance of a definite amount for profit-sharing purposes), forfeited shares revert to the company. The remaining plans in most instances make no specific provision with reference to the disposition of forfeited shares, all of them reporting that "each case is settled on its own merits."

Under the limited profit-sharing plans investigated, as under the profit-sharing plans described above, shares of profits, in the majority of instances, are paid in cash. This is true of 10 of 17 plans examined. Of the remainder, in 4, or 23.5 per cent, they are paid wholly in stock, and in three, or 17.6 per cent, in part stock or savings account and part cash. As in 2 of the latter not less than half of each share is paid in stock, the prevailing forms of payment under the limited profit-sharing plans for all practical purposes may be stated to be about 60 per cent all in cash and the remainder, 40 per cent, in stock.

Those of the limited profit-sharing plans under which shares of profits are paid in full or in part in stock were apparently designed for the purpose of inducing the more valuable employees to remain in the service as long as possible. That this was the intention of the management may be inferred from the provisions specifying conditions under which the stock in which the profits are paid may be disposed of by the beneficiaries. Thus in two plans the selling of the profit-sharing stock by an employee disqualifies him from further participation in the benefits of the plan. In one plan the profit-sharing stock is not transferred to the employee for a period of at least five years after distribution and in still another the stock due to the employee is transferred to him gradually, 25 per cent after the first year, 25 per cent after the second, and the remainder after the third.

YEARS IN WHICH THE LIMITED PLANS WERE ESTABLISHED.

The following table shows the years in which 17 limited profit-sharing plans studied in this report were established:

TABLE 21.—YEARS IN WHICH THE LIMITED PROFIT-SHARING PLANS WERE ESTABLISHED.

Year.	Number of plans.	Year.	Number of plans.
1900	1	1912	4
1905	3	1913	1
1906	1	1914	2
1909	1	1915	2
1910	1		
1911	1	Total	17

As can readily be seen from the above table, none of the plans date back prior to 1900. Over one-half of them have come into existence during the last four years.

LOCATION OF LIMITED PROFIT-SHARING ESTABLISHMENTS.

The geographical location of the establishments in which the plans studied were in operation is shown in the following table:

TABLE 22.—LOCATION OF LIMITED PROFIT-SHARING ESTABLISHMENTS.

State.	Number of establishments.	State.	Number of establishments.
Indiana	2	Ohio	3
Massachusetts	2	Pennsylvania	1
Michigan	1		
New Jersey	1	Total	17
New York	7		

As in the case of the profit-sharing plans described elsewhere in this report, the bulk of the limited profit-sharing plans examined—considerably more than one-half—were in operation in establishments located in a very small number of North Atlantic States.

INDUSTRY OR BUSINESS OF LIMITED PROFIT-SHARING ESTABLISHMENTS.

The nature of the industry or business of the establishments with limited profit-sharing plans is as follows:

Eleven of 17 limited profit-sharing plans examined were found in establishments engaged in manufacturing; 2 in mercantile establishments; 2 in establishments of building contractors; and 2 were unclassified.

SIZE OF LIMITED PROFIT-SHARING ESTABLISHMENTS.

In the table presented below is shown the size of the establishments in which the 18 plans examined were in operation, as indicated by the average number employed during a representative distribution period:

TABLE 23.—NUMBER OF LIMITED PROFIT-SHARING ESTABLISHMENTS HAVING EACH CLASSIFIED NUMBER OF EMPLOYEES.

Classified number of employees.	Number of establishments.	Classified number of employees.	Number of establishments.
Under 100	4	3,000 and under 5,000	1
100 and under 300	4	5,000 and under 10,000	2
300 and under 500	4		
1,000 and under 3,000	3	Total	18

Two-thirds of the 18 establishments for which information was obtained employed less than 500 employees; nearly half employed less than 300; one-third employed 1,000 people or more.

EXTENT OF PARTICIPATION.

The proportion of the total employed that participated in the distributed profits under the 18 plans examined was as follows:

Under only two limited profit-sharing plans did the proportion participating exceed 40 per cent.[1] In four establishments the proportion was from 20 to 40 per cent; in two it was 10 and under 20 per cent; in five the proportion was 5 and under 10 per cent; and in the remaining five establishments less than 5 per cent of the employees participated in the benefits of the plans.

BENEFIT ACCRUING TO EMPLOYEES.

Below is given a table showing the benefits accruing to the participating employees, in terms of per cent of their regular earnings.

TABLE 24.—PER CENT OF EARNINGS PAID AS DIVIDENDS IN 16 ESTABLISHMENTS HAVING LIMITED PROFIT SHARING PLANS.

Classified per cent of earnings paid as dividends.	Number of establishments.	Classified per cent of earnings paid as dividends.	Number of establishments.
Under 2	1	20 and under 30	5
4 and under 6	1	40 and under 50	1
6 and under 8	2	50 and over	1
8 and under 10	2		
10 and under 15	2	Total	16
15 and under 20	1		

[1] Except for the arbitrary methods of determining the shares of the individual participants these two plans might have been classified as pure profit sharing.

In one-half of the plans the profit-sharing dividend on the regular earnings of the participating employees was 15 per cent or over. In over two-fifths of them it was 20 per cent or more. In over one-third of the plans the profit-sharing dividend was less than 10 per cent.

COST OF PLANS TO EMPLOYERS.

The following table shows the cost of the plans to the employers in per cent of the total pay rolls of their establishments:

TABLE 25.—COST OF LIMITED PROFIT-SHARING PLANS TO 16 EMPLOYERS, IN PER CENT OF TOTAL PAY ROLLS FOR ONE YEAR.

Classified per cent of pay rolls paid as dividends.	Number of establishments.	Classified per cent of pay rolls paid as dividends.	Number of establishments.
Under 1	1	6 and under 8	2
1 and under 2	6	15 and under 20	1
2 and under 4	5		
4 and under 6	1	Total	16

In 15 of the 16 establishments the cost was less than 8 per cent on the total pay rolls of the respective establishments. In three-fourths of the plans it was less than 4 per cent. In one instance only was the cost of the plan more than 15 per cent.

OCCUPATIONS OF PARTICIPATING EMPLOYEES.

The following table shows the occupation groups of the participating employees under 18 limited profit-sharing plans:

TABLE 26.—NUMBER AND PER CENT OF PARTICIPATING EMPLOYEES IN EACH OCCUPATION GROUP.

Occupation group.	Participating employees.	
	Number.	Per cent.
Executive	1,078	52.5
Clerical	272	13.2
Sales	171	8.3
All others	532	25.9
Total	2,053	100.0

The table shows that 74 per cent of all the participating employees belonged to the group of executive, clerical, and sales occupations. As would be expected in establishments with limited profit sharing, more than half of the participants belonged to the executive force. Only 25.9 per cent were in the group "all others," which includes the mechanical and manual occupations.

DETAILED TABLES.

The principal part of the data which is shown in summary form in the preceding tables of this section of the report is shown in detail in the two tables which follow.

TABLE 27.—NUMBER OF EMPLOYEES, PROPORTION PARTICIPATING IN PROFITS, DIVIDENDS TO EMPLOYEES, AND COST OF PROFIT-SHARING PLANS TO EMPLOYERS, IN 18 ESTABLISHMENTS HAVING LIMITED PROFIT-SHARING PLANS.

Establishment No.	Dividend period ending—	Average number of employees.	Employees participating in profits.		Total pay roll.	Pay roll of participants.		Dividends to employees.		
			Number.	Per cent of total.		Amount.	Per cent of total pay roll.	Amount.	Per cent of total pay roll.	Per cent of pay roll of participants.
1	Dec. 31, 1913	3,414	72	2.1	$2,842,116	$311,000	10.9	$42,600	1.5	13.7
	Dec. 31, 1914	3,354	75	2.2	2,941,671	352,500	12.0	87,500	3.0	21.8
2	June 30, 1914	2,271	153	6.7	2,112,061	(1)	(1)	23,098	1.1	(1)
	June 30, 1915	2,686	139	5.2	2,531,519	272,340	10.8	43,693	1.7	16.0
3	Dec. 31, 1911	251	5	2.0	160,983	10,080	6.3	2,243	1.4	22.3
	Dec. 31, 1912	292	5	1.7	182,502	11,184	6.1	3,012	1.7	26.9
	Dec. 31, 1914 [2]	339	5	1.5	213,071	11,900	5.6	88	(3)	.7
4	June 30, 1911	225	13	5.8	202,927	21,057	10.4	731	.4	3.5
	June 30, 1913 [4]	325	14	4.3	296,130	21,614	7.3	8,941	3.0	41.4
	June 30, 1914	275	13	4.7	251,730	24,768	9.8	3,810	1.5	15.4
	June 30, 1915	225	14	6.2	203,145	26,289	12.9	2,120	1.0	8.1
5	Dec. 31, 1914	206	46	22.3	202,208	68,863	34.1	(1)	(1)	(1)
6	June 30, 1913	8,716	837	9.6	6,719,276	1,048,259	15.6	87,061	1.3	8.3
	June 30, 1914	9,300	860	9.2	7,216,843	1,052,538	14.6	84,763	1.2	8.1
7	Dec. 31, 1912	2,700	190	7.0	1,995,980	453,027	22.7	150,890	7.6	33.3
	Dec. 31, 1913	2,700	202	7.5	2,025,955	513,754	25.4	186,040	9.2	36.2
	Dec. 31, 1914	2,700	210	7.8	2,028,297	511,160	25.2	127,790	6.3	25.0
	Dec. 31, 1915	2,700	228	8.4	1,968,560	517,289	26.3	128,840	6.5	24.9
8	June 1, 1911	1,778	39	2.2	725,572	52,270	7.2	15,500	2.1	29.7
	June 1, 1912	1,767	37	2.1	711,306	53,190	7.5	5,200	.7	9.8
	June 1, 1914 [5]	1,678	33	2.0	816,338	50,150	6.1	13,100	1.6	26.1
	June 1, 1915	1,612	38	2.4	802,632	58,672	7.3	12,100	1.5	20.6
9	Dec. 31, 1909	(1)	12	(1)	(1)	8,000	(1)	2,500	(1)	31.3
	Dec. 31, 1910	(1)	12	(1)	(1)	8,000	(1)	2,500	(1)	31.3
	Dec. 31, 1911	(1)	12	(1)	(1)	8,500	(1)	2,500	(1)	29.4
	Dec. 31, 1912	(1)	145	(1)	(1)	45,500	(1)	6,500	(1)	14.3
	Dec. 31, 1913	(1)	151	(1)	(1)	52,000	(1)	9,000	(1)	17.3
	Dec. 31, 1914	410	180	43.9	355,000	65,000	18.3	9,200	2.6	14.2
	Dec. 31, 1915	400	180	45.0	350,000	65,000	18.6	9,500	2.7	14.6
10	Dec. 31, 1912	456	38	8.3	374,870	56,200	15.0	12,509	3.3	22.3
11	Dec. 31, 1914	38	11	28.9	25,773	10,504	40.8	828	3.2	7.9
12	Feb. 1, 1916	225	29	12.9	171,887	50,514	29.4	3,031	1.8	6.0
13	Dec. 31, 1907	(1)	3	(1)	(1)	9,000	(1)	1,662	(1)	18.5
	Dec. 31, 1908	(1)	4	(1)	(1)	11,200	(1)	1,362	(1)	12.2
	Dec. 31, 1909	(1)	4	(1)	(1)	12,000	(1)	888	(1)	7.4
	Dec. 31, 1910	(1)	4	(1)	(1)	12,000	(1)	1,333	(1)	11.1
	Dec. 31, 1912 [6]	15	4	26.7	18,841	12,900	68.5	947	5.0	7.3
	Dec. 31, 1913	18	4	22.2	26,502	12,900	48.7	1,582	6.0	12.3
	Dec. 31, 1914	19	4	21.1	28,242	12,900	45.7	1,647	5.8	12.8
14	June 1, 1915	115	4	3.5	78,906	7,800	9.9	6,231	7.9	79.9
15	Dec. 31, 1915	70	7	10.0	(1)	19,240	(1)	8,862	(1)	46.1
16	Dec. 31, 1914	67	31	46.3	104,168	72,438	69.5	20,140	19.3	27.8
17	Dec. 31, 1914	9,645	271	2.8	8,283,426	(1)	(1)	271,166	3.3	(1)
18	Dec. 31, 1914	448	91	20.3	336,120	102,406	30.5	5,000	1.5	4.9

[1] Not reported.
[2] No distribution made in 1913.
[3] Less than one-tenth of 1 per cent.
[4] No distribution made in 1912.
[5] Data for 1913 not reported.
[6] No distribution made in 1911.

TABLE 28.—NUMBER OF EMPLOYEES, PROPORTION PARTICIPATING IN PROFITS, AND NUMBER AND PER CENT OF PARTICIPANTS IN EACH SPECIFIED OCCUPATION GROUP, IN 18 ESTABLISHMENTS HAVING LIMITED PROFIT-SHARING PLANS.

Establishment No.	Dividend period ending—	Average number of employees.	Employees participating in profits.		Occupation groups of participants.							
					Executive.		Clerical.		Sales.		All others.	
			Number.	Per cent of total.	Number.	Per cent.	Number.	Per cent.	Number.	Per cent.	Number.	Per cent.
1	Dec. 31, 1914	3,354	75	2.2	75	100.0						
2	July 1, 1915	2,686	139	5.2	139	100.0						
3	Dec. 31, 1914	339	5	1.5	5	100.0						
4	June 30, 1915	225	14	6.2	14	100.0						
5	Dec. 31, 1914	206	46	22.3	11	23.9	30	65.2			5	10.9
6	June 30, 1914	9,300	860	9.2	317	36.9	140	16.3	30	3.5	373	43.4
7	Dec. 31, 1914	2,700	210	7.8	48	22.9	37	17.6	118	56.2	7	3.3
8	June 1, 1915	1,612	38	2.4	38	100.0						
9	Dec. 31, 1915	400	180	45.0	40	22.2	20	11.1			120	66.7
10	Dec. 31, 1912	456	38	8.3	38	100.0						
11	Dec. 31, 1914	38	11	28.9	11	100.0						
12	Feb. 1, 1916	225	29	12.9	29	100.0						
13	Dec. 31, 1914	19	4	21.1	4	100.0						
14	June 1, 1915	115	4	3.5	4	100.0						
15	Dec. 31, 1915	70	7	10.0	5	71.4			2	28.6		
16	Dec. 31, 1914	67	31	46.3	3	9.7	8	25.8	11	35.5	9	29.0
17	Dec. 31, 1914	9,645	271	2.8	271	100.0						
18	Dec. 31, 1914	448	91	20.3	26	28.6	37	40.7	10	11.0	18	19.8

ANALYSIS OF WORKING OF FIVE TYPICAL LIMITED PROFIT-SHARING PLANS.

As compared with the profit-sharing plans described in the preceding sections of this report, the distinguishing feature of the limited profit-sharing plans is the limited extent of their application, the majority of them having been devised, apparently, either for the benefit of the executive and supervisory employees, as in plans 1, 2, 3, and 4 described below, or for the benefit of the better paid employees, as in plan No. 5.

Aside from the relatively small proportion of beneficiaries and the fact that only the executive and supervisory or better paid employees are allowed to participate, these plans in many instances are to be noted for the lack of any definitely announced rule for the computation of individual shares in the divisible fund. From this point of view plan marked No. 1 is considered as typical. Under its provisions none of the employees of the company are informed as to the method by which their shares will be determined; they are furthermore specifically prohibited from communicating to the other employees the amounts received by them under the penalty of such an action on their part resulting "to the disadvantage of the employee involved."

As far as it could be ascertained, the main principle guiding the determination of individual shares under such plans is that the more important the position of the employee, as shown naturally in the amount of salary he receives and in the desire of the company to retain his services, the larger his proportion in the divisible fund. The working of this principle is clearly shown in plan designated as No. 3.

PLAN NO. 1.

This plan has been in operation since 1910 and is applicable only to "officers and employees occupying semiofficial positions," meaning by this classification managers, superintendents, and other important employees engaged in "directing the affairs of the company, including officers." Not all of the employees engaged in the abovementioned occupations, however, are allowed to participate. The plan, as announced, is addressed to "the officers and those occupying semiofficial positions—to whom this letter [announcing the plan] is officially delivered."

Although the specific proportion of the profits that is to be distributed is announced in advance, the determination of the amount of individual shares is left to the discretion of the management. It was stated by officers of the company that the amount of individual shares depends chiefly "upon the relative importance of the position occupied by a specific employee," and the merit of his service, although "salaries, in a general way, are taken into consideration," the higher the salary the larger, apparently, the share of profits awarded.

The basis of determining individual shares is not communicated to any of the profit-sharing employees. In fact, as stated in the last paragraph of the text of the plan reproduced below, "it is the desire of the board that there shall not be any discussion among the employees as to the amounts received under the distribution," and any such discussion coming to the knowledge of the special committee "will operate to the disadvantage of the employee involved."

No profits were available for distribution during 1911 and 1912. In 1915, $42,600 and in 1914, $87,500 were distributed. In 1913, of a total of 3,414 employed, 72, or 2.1 per cent, shared in the distributed profits. In 1914, 2.2 per cent of the total employed benefited by the operation of the plan. The profits distributed amounted to 13.7 per cent of the earnings of the participants in 1913 and to 24.8 per cent in 1914. The cost of the plan to the company in per cent of the total pay roll of the entire organization amounted to 1.5 per cent and 3 per cent in 1913 and 1914, respectively.

The text of this plan is herewith reproduced in full:

To the officers and those occupying semiofficial positions, and managers of the ——— Co. and its subsidiary companies, to whom this letter is officially delivered:

The company desires those within the above class, upon whose efforts much of the success of the business depends and who are engaged in directing and managing the affairs of the company and operating the properties, to share with the stockholders in any profits made after a certain amount of net earnings shall have been reached. To this end the following plan has been adopted:

Twelve per cent upon the outstanding capital stock of the company is sufficient to allow the payment of a 7 per cent dividend whenever that course may be deemed wise and the application of a reasonable sum for betterment or toward surplus. It is believed that the business is capable of earning a sum each year much in excess of said 12 per cent. The company proposes to divide among the officers and those occupying

semiofficial positions and managers to whom this letter is officially delivered, a percentage of the increased earnings over and above 12 per cent on the amount of the capital stock from time to time outstanding, the amount to be thus divided to be decided each year by the board of directors. The present intention of the board is to distribute a sum (in stock of the company) equal to 25 per cent of the increased net earnings of the company over and above said 12 per cent. Said amount to be distributed is to be paid out by direction of the board of directors at the end of each year, in such amounts and to such persons as a special committee appointed by the board of directors shall determine. The distribution recommended by such special committee will be made amongst the class above specified and in the proportions fixed by that committee. The special committee shall make no award to any member of that committee, but if any member thereof shall be within the above class, the amount of the award, if any, to such member shall be fixed by the board of directors and not by the committee, and such award shall be subject to the same provisions applicable to the awards made by the special committee. The stock will be distributed on a basis of value to be fixed by the board. In making the distribution one-half will be distributed at the end of each year and the other half held in the hands of a trustee or trustees from time to time selected by the board of directors; and the stock so issued to, or transferred to said trustee or trustees, will be delivered to the beneficiary at the end of five years from the beginning of the year in which the profits are earned. Each man will receive a certificate for his interest, the certificate to recite amongst other things:

(*a*) That if he remains continuously in the service of the corporation, or one or another of its subsidiary companies, for five years from the beginning of the year in which the profits are earned and during all of said time shall have rendered faithful and satisfactory service to the company, or one or another of its subsidiary companies the stock is to be delivered to him and that he may do as he likes with it after delivery:

(*b*) That if he dies or becomes totally and permanently disabled while in the employ of the corporation, or one or another of its subsidiary companies, the stock will be delivered to his estate or to him;

(*c*) That he can draw the dividends declared on the stock while it is held in trust for his account and he remains in the employ of the corporation, or one or another of its subsidiary companies, until such shares have been delivered to the participant or shall have been forfeited as herein provided;

(*d*) That if, without the consent of the corporation, for any cause, he shall have quitted the service of the corporation, or one or another of its subsidiary companies, except as provided in (*b*), or shall be discharged, and except when voluntary retirement may be made under any general pension scheme which may hereafter be adopted, he shall forfeit all right to said stock, and in such case it will be held in a fund which at the end of five years from the beginning of the year in which the profits are earned will be divided among such of the above-mentioned class of the series of that year as shall have complied with all the conditions;

(*e*) That neither it, nor any right thereunder, shall be assignable or transferable by the beneficiary, nor shall same be encumbered either by act of the party or by operation of law without the written consent of the company, and in the event of the violation of this provision he and his successors in interest shall forfeit all right to said stock and every right thereunder, if the corporation at any time shall so elect. Provision against assignment by operation of law shall not be deemed to prohibit beneficiary's estate from receiving the stock if he dies while in the employ of the corporation. Until such time as the stock is issued in the name of the certificate holder and delivered to him, he shall have no interest therein which will entitle him to vote thereon, but the voting power under said stock, if any, may be exercised by the trustee or trustees.

Thus 50 per cent of the amount set aside in this profit-sharing plan for one year will be held in the shape of stock and will be given only to such of the members of that

series, and at the end of the period next mentioned, as shall have been continuously in the employ of the company, or one or another of its subsidiary companies, for five years from the 1st day of January of the year in which such profits are earned.

The board in carrying out this plan may decide to make the distribution so that as to the one-half distributed at the end of the year the employee may receive all cash or all stock, or part in each, and the other half that is to be received and held by the trustees may be all cash or all stock, or part in each. Neither the company nor any trustee shall be required at any time to deliver any fractional share of stock, but the trustee or trustees shall have the right and will for any fractional share to which the participant would appear to be entitled and which may not be delivered to the participant at the time the stock is deliverable, pay to the participant in cash the pro rata price for the fraction of a share not delivered, computed on the price per share which the trustee or trustees paid for the stock. The trustees shall be authorized to sell and transfer the said stock and to invest and reinvest same as they may elect, subject to the approval of the board of directors, and the certificate of interest herein mentioned, and all the provisions thereof shall be deemed to apply as well to such cash or securities, if any, in the hands of the trustees, as it does or would have applied to stock of the company.

It is not intended to have the distribution made pro rata according to salaries received, but same is to be made as a reward for efficient services. Profits obtained by individual departments, reduction of cost at the factories, closing of contracts of special importance, harmonious relations with other branches, and all other matters of benefit to the company will be taken into consideration by the special committee.

Applicants for the benefits of this plan shall sign and forward to the treasurer of the ...... Co., a form which is herewith inclosed, in which the party states that it is his intention to remain permanently with the company, or one or another of its subsidiary companies, and that he will use every possible endeavor to maintain harmonious relations with other branches, and to unify the company's interests and to increase in every legitimate way its profits, both in his own department and by suggestion where it may benefit departments other than his own. This form will insure all of the names of those eligible to participate being before the special committee at the distribution period.

While it is the purpose of the company to inaugurate for the 1913 series the foregoing plan on April 1, 1914, treating the year in which the share of profits will be computed as commencing January 1, 1913, and will probably continue this plan annually thereafter with new series, from each January 1, it has been thought best not to have this arrangement in any year take any form which would create a contract obligation on behalf of the company, prior to or except as the delivery of stock or certificates of interest create same, and therefore this plan is one merely of a declaration of intention.

The question of what constitutes profits shall be determined solely by the board of directors.

None of the class above mentioned and none sharing in the distribution, nor anyone in anywise interested under this plan, shall have any right to demand an accounting, and the distribution to be made by the special committee is to be made wholly within its discretion, subject to ratification by the board of directors, and no right attaches to the fund or any share in it on the part of an employee, and the committee reserves the right to withhold participation in part or entirety from anyone, the selection of participants resting solely upon the judgment of the committee, and all other questions affecting the applicants or rights of certificate holders shall be determined solely and finally by the special committee as it may from time to time be constituted by direction of the board of directors, and its rulings must be accepted as conclusive.

It is the desire of the board that stock so distributed shall not be sold but shall be held by the employee as his own, thereby increasing his interest in the welfare of the

company, and any sale of such stock will be considered a matter of bad faith, and will militate against the employee in any distribution in a subsequent year.

It is also the desire of the board that there shall not be any discussion among the employees as to the amounts received under the distribution, and any such discussion coming to the knowledge of the special committee will operate to the disadvantage of the employee involved.

Neither this plan nor anything growing out of it shall be construed to be a contract of employment.

PLAN NO. 2.

Plan No. 2 seems to be in a class by itself. Unlike most of the plans, profit sharing, bonus or gain sharing or otherwise, described in this report, its main provisions are embodied in the articles of incorporation of the company of 1911. Under these articles the authorized capital of the company is divided into first preferred stock ($4,500,000), second preferred stock ($50,000), and industrial partnership stock ($1,050,000).

First preferred stock consists of all converted common stock, carries a fixed cumulative dividend with preference in assets and dividends, but no rights to accretions. The rate of dividend (8 per cent) was chosen to represent what was considered a fair return on the capital, at the time of reincorporation, invested in the concern.

Any profits remaining after these dividends have been fully paid are invested in the business, and against them is issued yearly the so-called industrial partnership stock.

Only to "principal employees," such as sales managers, senior salesmen, department heads, foremen, etc., is industrial partnership stock issued. "Principal employees" includes only those who have at least seven years of service and an annual remuneration of at least $1,200, or six years' service and a remuneration of $1,500, or five years' service and a remuneration of $1,800, and who have contracted in writing for the stock. Remuneration for overtime work or piecework or commissions is not to be included in the above earnings. Individual shares of profit are based exclusively upon the salaries of the participating employees.

To ascertain the amount of net profits to be divided among participating employees, termed industrial partners, not less than 6 per cent is allowed for depreciation; 8 per cent, cumulative dividend, is paid on first preferred stock; next a cumulative dividend at a rate determined by the by-laws (but in no case to be less than 4 per cent) is paid on second preferred stock; 5 per cent of the remaining net profits are then set aside for the purpose of buying shares of first preferred stock at the discretion of the directors; out of one-half of the remaining net profits, dividends, not to exceed 20 per cent, are paid to holders of industrial partnership stock; the other half of the remaining net profits, subject to provision being made for a reserve fund, is apportioned to "principal employees," upon the basis of

their earnings, in shares of industrial partnership stock issued at par. Beginning with January 1, 1913, no further issue of industrial partnership stock can be made unless at least a 5 per cent dividend is paid on the outstanding industrial partnership stock.

Until industrial partnership stock to the amount of $1,000,000 is issued the entire voting power of stockholders is vested in the holders of the first preferred and industrial partnership stock, each holder of the former being entitled to one vote for each share held and each holder of the latter being entitled to one vote for each 10 shares held.

At the next annual meeting after industrial partnership stock to the amount of $1,000,000 shall have been issued, the entire voting power will rest with the holders of that stock, unless: (a) For any 12 months dividends on first preferred stock average less than 4 per cent; (b) if for any 24 months such dividends average less than 6 per cent per annum; (c) if for any 36 months such dividends average less than 7 per cent; or (d) if for any period of four years all cumulative dividends have not been paid in full. The voting power reverts to the preferred stockholders in cases (a) and (b) temporarily, and in cases (c) and (d) permanently.

All shares of industrial partnership stock are nontransferable and nonassignable except to the company itself. When a holder of such stock, from whatever cause, ceases to be an employee, no dividends thereafter accrue from his stock, and he or his legal representative must resell his shares to the company at par or, at the company's option, exchange them for second preferred stock.

Employees contracting for industrial partnership stock have no right to any accounting by the company concerning its business or profits. They are subject to the rules and discipline of the company and to discharge like other employees, but with the right of appealing in writing to the directors, whose decision is final.

RESULTS OF THE WORKING OF THE PLAN.

The percentage of the total employed that participated in the distributed profits during the period of existence of the plan, 1912 to 1915, varied from 7 (the lowest) in 1912 to 8.4 (the highest) in 1915. Over one-half of all the participants in 1914 were associated with the selling end of the business in the capacity of directors of sales, district managers of sales, and ordinary salesmen. Slightly over one-fourth of the participants held executive and supervisory positions in the manufacturing departments of the business. The remainder of the participants occupied clerical positions of various kinds. In this connection, however, it is interesting to note that although constituting only 8.4 per cent of the total employed in 1915, the participating group received 26.3 per cent of the total pay roll.

The following table shows the annual salaries of the employees participating in the profit sharing during the year 1914:

Salary.	Number.
$1,200 to $1,500	55
$1,500 to $1,800	45
$1,800 to $2,000	35
$2,000 to $3,000	43
$3,000 to $5,000	22
$5,000 to $10,000	6
$10,000 and over	4
	210

Thus it may be seen that about two-thirds of the participants received less than $2,000 per year, less than one-third from $2,000 to $5,000, and only 10, or 4.8 per cent, of all participants received an annual salary of over $5,000.

The amounts distributed as profits constituted the following percentage additions to the ordinary earnings of the participants: In 1912, 33.3 per cent; in 1913, 36.2 per cent; in 1914, 25 per cent, and in 1915, 24.9 per cent.

The cost of the plan to the company in terms of per cent of the total pay roll was: In 1912, 7.6 per cent; in 1913, 9.2 per cent; in 1914, 6.3 per cent, and in 1915, 6.5 per cent.

The following table shows the number of participating employees who have left the employ of the company since the inception of the plan and the causes for leaving:

TABLE 29.—PARTICIPATING EMPLOYEES LEAVING EMPLOY OF COMPANY, BY YEARS AND CAUSES.

Year.	Death.	Discharge.	Voluntary leaving.	Other causes.	Total.
1912	1	2		2	5
1913	1	3	2	2	8
1914	2	2	7	2	13

Out of a total of slightly over 200 industrial partners during each of the years of the existence of the plan the following numbers left the employ of the company for causes stated below: In 1912, 5; in 1913, 8; in 1914, 13, making a total of 26 in three years. The following are the causes of their withdrawal from employment: Voluntarily, 9; discharged, 7; death, 4; other causes, 6.

As noted elsewhere, the divisible profits are reinvested in the business of the company, the specific annual amounts being capitalized or converted into industrial partnership stock to be distributed to participating employees—the industrial partners—on the basis of their respective salaries.

The following table shows the number of participating employees, the number of shares held by them and the par value of these shares for the years 1911 to 1915:

TABLE 30.—NUMBER OF PARTICIPATING EMPLOYEES AND NUMBER AND PAR VALUE OF SHARES HELD, BY YEARS, 1911 TO 1915.

Year.	Participating employees.	Shares held.	Par value of shares held.
1911	167	410	$4,100
1912	190	15,499	154,990
1913	202	34,103	341,030
1914	210	46,882	468,820
1915	228	59,696	596,960

The value of the industrial partnership stock held by employees on March 1, 1916, was $596, 960. This amount constituted slightly over 10 per cent of the entire authorized capital stock of the company and was held by 228 employees, or 8.4 per cent of the total employed.

The text of this plan is reprinted herewith in full:

ARTICLES OF ASSOCIATION.

1. (*a*) Said first preferred stock may be issued in payment for the property and assets, including good will (including name) of the original company, with the assumption by this company of the liabilities of the original company, accrued or accruing or arising out of the state of affairs existing at the time of such purchase.

(*b*) No increase of first preferred stock shall be authorized without the written consent of the holders of three-fourths of the then outstanding stock of each of the three classes of stock.

2. (*a*) Second preferred stock may be issued only: First, in exchange for industrial partnership stock, as hereinafter provided; or, second, for cash or property.

(*b*) Increases of second preferred stock may be authorized by vote of a majority of all stock outstanding of the classes or class of stock then entitled to vote as hereinafter provided in paragraph 11.

3.[1] (*a*) The first issue of industrial partnership stock shall be for cash to such employees of the original company as shall be designated by the directors of this new company as having substantially fulfilled the requirements as to time and remuneration of principal employees as hereinafter set forth; and each such employee may subscribe, payable in cash, for shares, disregarding fractions, in proportion to salary.

(*b*) All subsequent issues of industrial partnership stock shall be to principal employees as defined and limited in paragraph 8 of this agreement, but after January 1, 1913, no such issue shall be made unless a dividend for the preceding calendar year of at least 5 per cent in cash on industrial partnership stock already outstanding shall be paid or provided for.

(*c*) Increases of industrial partnership stock may be authorized by vote of a majority of all stock outstanding of the classes or class of stock then entitled to vote as hereinafter provided in paragraph 11.

4. In ascertaining net profits:

(*a*) The valuation of good will (including name) of the original company shall not be increased beyond the valuation thereof at which it is taken in this company's

[1] This cash purchase applied only to an initial issue of $4,100. The article is no longer operative.

purchase of the property and assets of said original company; nor shall any sum be added for good will (including name) of this company.

(*b*) The total amount allowed for depreciation since the organization of this company shall not at any time be less than a yearly allowance of 5 per cent, figured on dies, tools, furniture and fixtures, buildings, and machinery.

5. First preferred stock shall be entitled to a preferential cumulative dividend at the rate of 8 per cent per annum, payable quarterly as and when declared by the directors, and shall begin to accrue as of or on December 1, 1911.

6. Second preferred stock may, as herein limited, be issued in series under provisions in the by-laws and amendments thereof: the first series to include all second preferred stock issued until, by amendment of the by-laws, the rate of dividend is changed; the second series to begin upon such change of rate and to include all second preferred stock issued until another such change of rate; and so on, similarly, as to subsequent series. But the rate so provided for any series shall always remain the rate of dividend for that series.

The first series of second preferred stock shall be entitled, after dividends on first preferred stock have been paid or provided as aforesaid, to a preferential cumulative dividend at such rate (not less than 4 per cent per annum) as may be provided in the by-laws.

The second series of second preferred stock shall be entitled to a dividend (similar in preference to said first series dividend) at such rate as may be provided in the amendment to the by-laws; and so on, similarly, as to subsequent series. But in no series shall the rate of dividend provided be less than 4 per cent per annum.

7. After all first and second preferred dividends have been provided for as above required, there shall be set aside annually out of the remaining net profits 5 per cent of such remainder for the purpose of buying in shares of first preferred stock as and when the directors may deem it expedient.

Out of one-half of the remaining net profits, dividends may be declared and paid annually to holders of industrial partnership stock. The rate shall not exceed a total of 20 per cent for any year.

8. After all above requirements shall have been fulfilled, the remaining net profits shall be apportioned under provisions of the by-laws to principal employees as extra remuneration for services theretofore rendered by them, except that an amount or amounts not at any time exceeding a total of 10 per cent of the total par value of the then outstanding capital stock of all classes may be reserved in a suspense account at the discretion of the directors, who may likewise dispose of the same, except as may be otherwise provided by the by-laws.

Such extra remuneration shall be paid to each principal employee by issuing to him for such services, out of authorized industrial partnership stock, shares of industrial partnership stock of the total par value equal to his apportioned extra remuneration.

Principal employees shall be limited to the following:

Employees (including salaried officers) of this company, at the time any such apportionment is voted, whose aggregate service in this company (including time served with the original company) shall amount, at the end of the calendar year for which such apportionment is made, to the time set forth below, and whose remuneration actually received from one or both of said companies during such calendar year (but not counting remuneration paid for overtime work or piecework or commissions) shall have been as set forth below, and which rate of remuneration in this company shall have been approved by a two-thirds vote of all the directors, namely:

At least seven years' service and remuneration of at least $1,200, or at least six years' service and remuneration of at least $1,500, or at least five years' service and remuneration of at least $1,800, and who shall have contracted in writing with this company for extra remuneration.

9. (*a*) All shares of industrial partnership stock shall be nontransferable and nonassignable, except to or for this company as provided below.

(*b*) Whenever an industrial partnership stockholder ceases, from any cause, to be an employee, no dividends shall thereafter accrue to his stock, and he or his legal representatives shall forthwith transfer and assign such industrial partnership stock at and in accordance with the request of this company, upon payment or tender by this company of the par value thereof, or at the company's option upon its issue or tender (in exchange for such industrial partnership shares) of an equal number of second preferred shares. In either case there shall also be paid in cash all declared but unpaid dividends.

(*c*) No such industrial partnership shares shall be paid for in cash, however, if any obligations due to first preferred stock remain unsatisfied or if the company's capital shall have or would thereby become impaired.

10. In case of liquidation or dissolution of the company or a distribution of its assets, or in case of any sale of substantially its entire property and assets, first preferred stock shall be entitled to a preference to the extent of $125 a share and all accrued but unpaid dividends thereon; and thereafter second preferred stock shall be entitled to a preference to the extent of $10 a share and all accrued but unpaid dividends thereon; and then industrial partnership stock shall be entitled to receive $10 a share and all declared but unpaid dividends thereon—after which all surplus value remaining shall be divided pro rata among the holders of all classes of stock according to their total par value holdings.

11. Until industrial partnership stock to the amount of $1,000,000 in par value shall have been issued, the entire voting power of stockholders, except as otherwise provided in subdivision (*c*) of this paragraph, shall vest in first preferred and industrial partnership stock together, each holder of first preferred stock being entitled to one vote for each share held and each holder of industrial partnership stock being entitled to one vote for each 10 shares held, but without any fractional vote for any shares aggregating less than 10 shares.

At the next annual meeting of the stockholders after industrial partnership stock to the amount of $1,000,000 shall have been issued, the entire voting power of stockholders shall vest and remain in holders of industrial partnership stock, except that holders of first preferred stock or holders of first and second preferred stock shall have voting power as hereinafter provided:

(*a*) If for any 12 months dividends on first preferred average less than 4 per cent per annum, except in case of destruction of any substantial part of the manufacturing plant by fire, earthquake, or other natural calamity, or if for any 24 months such dividends average less than 6 per cent per annum, then holders of first preferred stock shall have sole voting power of stockholders, but without power to alter or amend this agreement, except by vote of two-thirds of each class of stock, outstanding; but, when full obligations to first preferred shall have been again earned and paid (figuring minimum depreciation as above provided in paragraph 4), voting power shall revert to holders of industrial partnership stock, and the original plan shall be carried on, unless meanwhile sole voting power shall have finally vested in first preferred stockholders as provided in the following paragraph (*b*).

(*b*) If for any 36 months such dividends average less than 7 per cent per annum, or if in any period of four years the company shall not have paid all cumulative dividends in full, so that there shall be no dividend or part of any dividend in arrears, then sole voting power shall vest at the next annual meeting and thereafter remain in first preferred stockholders.

(*c*) In case of a proposed dissolution of the company or of amendment or alteration of this agreement, or of a sale or lease of all or such substantial part of its property as would involve a virtual change or abandonment of the company's business, holders

of all classes of stock shall be entitled to vote; and such dissolution, amendment or alteration, or sale or lease, may be voted and authorized by vote of a majority of the outstanding stock of each class in the case of a dissolution, and of two-thirds of the outstanding stock of each class in case of such amendment or alteration or sale or lease.

12. No mortgage or mortgages for more than a total of one-half the par value of all classes of stock then outstanding shall be given or placed upon the company's property or any part of it without the written consent of the holders of three-fourths of the then outstanding first preferred stock.

BY-LAWS.

Article II.—*Employees—Contract for extra remuneration—Industrial partnership stock.*

Section 1. *Contract for extra remuneration.*—The directors, or any officer or officers of the company authorized by them for such purpose, may contract in behalf of the company in writing with employees for extra remuneration for future services, as limited by the agreement of association and as hereinafter provided.

Sec. 2. *No right of accounting.*—It shall be agreed in each contract between the company and any such employee that he shall have no right thereunder to any accounting by the company concerning its business or profits, and that, if notwithstanding such agreement it is deemed that he has any such right, he waives the same.

Sec. 3. *Subject to rules, and discipline and discharge—Appeal.*—Employees holding such contracts shall at all times be subject to the rules and discipline of the company and to discharge like other employees, but with the right of appeal, upon discharge or forced resignation, to the directors, whose decision shall be final; such appeal to be made in writing and presented within 30 days from the date of such discharge or forced resignation; and pending the appeal such employee may be suspended.

Sec. 4. *Apportionment of net profits—Fractional adjustment.*—Such net profits as are to be apportioned as extra remuneration for such services among the principal employees shall be apportioned annually in proportion to the amount of remuneration actually received during the entire preceding calendar year by such principal employees (not including any remuneration for overtime work, piecework, or commissions), except that in determining such proportions all amounts in excess of $10 (the par value of the shares of industrial partnership stock) or in excess of any multiple of $10, up to and including $5, shall be disregarded, and all such excess amounts from $5 to and including $9.99 shall be considered $10. In making these fractional adjustments, amounts may be supplied from or carried to the suspense account. The directors may likewise, at any time after January 1, 1912, apportion similar net profits earned from the incorporation of this company to December 31, 1911, inclusive.[1]

Article IX.—*Amendment—Alteration—Repeal.*

Amendment, alteration, repeal.—These by-laws may be amended, altered, or repealed at any meeting of the stockholders, when only one class of stock is entitled to vote, by a two-thirds vote of all the outstanding stock of such class; and, when first preferred and industrial partnership stock are entitled to vote together, by a vote of two-thirds in interest of the total par value of the outstanding shares of said two classes of stock, without regard to the presence of such two-thirds of each class: *Provided, however*, That the notice calling any such meeting shall contain notice of the purpose to amend, alter, or repeal a by-law or by-laws, specifying or identifying the by-law or by-laws to be amended, altered, or repealed.

[1] For issue of industrial partnership stock for services, see Articles of Association, paragraph 8.

As can readily be seen from the articles of incorporation reproduced, the entire plan of this firm is based upon specified contractual relations. Thus each of the participating employees, or of the industrial partners, as they are called in the plan, in order to come under the plan, is obliged to sign the following contract:

CONTRACT WITH EMPLOYEE FOR EXTRA REMUNERATION.

(Not a contract of employment.)

——— Co. and ——— hereinafter called employee, in consideration of $1 by each to the other paid, the receipt whereof is hereby acknowledged by each, and also in consideration of the following promises and agreements by each to the other made, do hereby covenant, agree, and contract as follows:

(1) That certain provisions of the agreement of association and by-laws of said company relating to extra remuneration, printed on the back of this contract, are hereby made, and agreed to as part of this contract.

(2) That, at the date of signing this contract, said employee is within said provisions as to time of service and rate of remuneration, which are preliminary requisites to becoming a principal employee.

(3) That so long as said employee remains an employee of the company, and fulfills for any calendar year all the said printed provisions requisite to becoming a principal employee, he shall be entitled as principal employee to receive, as extra remuneration for services for each such calendar year h   proportional share of net profits for each such calendar year, to be paid to h   in industrial partnership stock: *Provided*, That at the date when the vote is passed apportioning net profits for any preceding calendar year he shall still be an employee of the company.

(4) The company may terminate or modify this contract as may be required by any alteration or amendment or repeal of said agreement of association or by-laws.

PLAN NO. 3.

In many of its essential features plan No. 3 resembles closely plan No. 1 reproduced and described above. Its main point of distinction is the fact that the beneficiaries are informed of the basis upon which their shares will be computed.

The application of this plan is limited to "men in the organization who have authority to formulate policies, make commitments, engage employees, and approve expenditures of money," with the exception of executives who have special bonus agreements with the company, as part of their contractual salary.

For the purpose of distributing the available profits the eligible employees are classified into four distinct and separate groups, as per section 2 of the plan, each group receiving a specific part of the total amount available for distribution during each specific distribution year, each group amount being apportioned among its members on a per capita basis.

Provisions slightly different from those shown in the reproduced text govern the distribution of the profits assigned to group 4—plant foremen, managers of bureaus, chief clerks of departments, and

sistant branch managers. The points of distinction are as follows:) The form of payment of the shares is all cash in group 4, s against part cash and part stock in the cases of the first three groups, as per section 3 of plan; and (2) employees of group 4, n case of leaving employment, forfeit share for current year only, while members of the first three groups, aside from forfeiting the shares for the current year, forfeit also one-fifth of the share paid to them in stock (still held by the company) during the previous year.

The specific part of the divisible profits assigned to each of the groups of participants varies from year to year, changes being made at the discretion of the committee in charge of the plan. For 1915 the fund was apportioned as follows: Groups 1 and 2 each received 30 per cent and groups 3 and 4 each received 20 per cent of the fund.

Of a total of 9,645 employees of the company, 271, or 2.8 per cent participated in the distributed profits of 1914. The number of employees in each of the four groups were as follows: 10 in group 1, 64 in group 2, 197 in group 3, none of the employees appearing in group 4. This is accounted for by the fact that prior to 1915 this group had not as yet been brought under the plan. The preliminary profit-sharing list for 1915 gives the group distribution as follows: Total participating 314, of which 11 are in group 1, 36 in group 2, 52 in group 3, and 215 in group 4. On this basis the available profit-sharing fund for 1915 will be distributed as follows:

TABLE 31.—DISTRIBUTION OF PROFITS OF 1915.

Group No.	Employees participating.		Per cent of fund allotted.
	Number.	Per cent in each group.	
1	11	3.5	30
2	36	11.5	30
3	52	16.6	20
4	215	68.5	20

To 85 per cent of all the participants will be allotted 40 per cent of the profit-sharing fund, while 15 per cent of all—mostly high executives—will receive 60 per cent of all the distributed profits.

The text of this plan, as announced for 1915, is herewith reproduced in full:

On April 6, 1915, the directors voted to continue the employees' profit-sharing plan for the year of 1915, making some modifications as to the grouping of participants but not changing the total amount of the fund, and by reason of the responsible executive position which you occupy and in the belief that your work and efforts can material uence the profits of the business, we take pleasure in advising you that your na been placed on the list of participants for this year.

This statement of intention concerning a voluntary and contingent distribution of a certain part of our 1915 profits does not in any way constitute a contract on the part of the corporation, nor alter or affect any of its contract relations, with you or other employees. Unless we receive at once your written declination of this offer we will understand that you accept it on this condition.

The plan is continued for the fiscal year of 1915 only, but it will be renewed from year to year unless, in the judgment of the board of directors, it shall prove undesirable, or experience suggests amendments or modifications.

The deductions from the total net profits referred to in the plan will amount to approximately $2,640,000 for the year 1915, and therefore the total net profits this year must exceed this amount before anything will be set aside for the fund. For example:

If the net profits of 1915 are—	The total fund will be—	The amount applicable to your group will be ...... per cent, or—
$2,640,000	Nothing.	Nothing.
3,640,000	$120,000	....
4,640,000	260,000	....
5,640,000	410,000	....
6,640,000	560,000	....
7,640,000	710,000	....
Etc.	Etc.	Etc.

The number of participants in your group as at present constituted is —— men and your share, on a per capita division, will be —— of the amount earned by your group. However, the finance committee reserves the right to increase or decrease the number of participants in your group as may be necessary from time to time which of course may slightly alter these figures.

The fund shall be known as the "employees' profit-sharing fund," and it shall be administered by the finance committee and under the following terms and conditions:

1. *The fund.*—The fund shall be computed in the following manner: From the consolidated net profits of ——— and subsidiary companies as certified to by our auditors there shall be deducted: (1) The amount of the 7 per cent dividends on the preferred stock; (2) the amount which, under its charter, the corporation is required to set aside annually in "Special surplus account" for the amortization of the preferred stock, and (3) a further amount equal to 5 per cent upon the common stock outstanding. There shall thereafter be computed a sum arrived at by taking 12 per cent of the balance remaining up to the first $1,000,000 thereof; 14 per cent of such balance in excess of $1,000,000 and up to $2,000,000; and 15 per cent of the excess of such balance over $2,000,000, which sum shall constitute the fund.

The credits to the "Special surplus account" for the amortization of the preferred stock will reduce the amount of the preferred dividends, and thus increase the amount available for the fund each year.

The total fund shall be distributed to the participants by dividing the amounts into four parts, one part for each group, by use of percentages adopted for each division annually by the finance committee. Thereafter the amount of each group fund shall be equally divided among the participants thereof as described below.

2. *Participants.*—Employees entitled to participate shall be only those holding executive positions as described below, whose responsibilities include spending the corporation's money, handling its property, making commitments for its account, and the employment and supervision of its employees.

Participants shall be divided into four groups, according to positions held, and according to whether, and to what extent, the finance committee may deem a participant is contributing to the corporation's profits by reason of his position, worth, and loyalty, as follows:

Group No. 1: The principal operating heads at ——— and ———.

Group No. 2: Managers of principal departments, junior officers, managers large branches, and general plant superintendents, at ——— and ———.

Group No. 3: Assistant managers of principal departments, managers minor branches, assistant plant superintendents, and general foremen, at ——— and ———.

Group No. 4: Plant foremen, managers of bureaus, chief clerks of departments and assistant branch managers.

At the beginning of each year, the official heads of the executive, manufacturing, sales, financial, and accounting departments shall submit a list of proposed participants to the finance committee, from which the committee shall make selections, approve those entitled to participate in the fund, and notify each person accordingly.

No director of the corporation, nor any officer or employee holding a personal bonus contract, shall participate in the fund, unless such participation is approved by the executive committee.

3. *Distribution of fund.*—Within 30 days after the annual audit of the corporation's books shall have been completed, each participant will be notified of the amount of bonus, if any, to which he is entitled under the plan and will receive a check for not less than —— per cent of the amount and subject to possible forfeiture mentioned below, a participating certificate for the balance covering common stock of the corporation, which stock will be delivered to him 25 per cent after the first year, 25 per cent after the second year, and 50 per cent after the third year, provided he has continued uninterruptedly in the service of the corporation. Any dividends received upon said stock while in the possession of the corporation will be promptly paid to participants.

Participants shall have no right to assign stock held for their account by the corporation, and any attempt at assignment will give the corporation the right to remove the person making it from the list of participants.

The finance committee shall have discretion after August 1 of each year, if the net profits warrant it and the market price of the common stock seems favorable, to buy common stock from time to time for the account of the fund, in order to give employees the benefit of purchases at as low prices as possible.

4. *Promotions.*—In the event of promotion no change shall be made during the current year in the group to which a participant is already assigned.

5. *Resignations.*—Participants who resign from the service during the year shall not be entitled to participate, proportionately or otherwise, in the fund of the current year, and shall forfeit to the corporation as a penalty 20 per cent of the common stock held for their account from the bonus of the previous year.

6. *Dismissals.*—Participants dismissed from the service during the year, for lack of efficiency or because their services are no longer required, shall not be entitled to participate, proportionately or otherwise, in the fund of the current year, but shall receive the full amount of common stock, if any, held for their account from previous years.

Participants released on account of curtailment in business or shutdowns, and not on account of lack of efficiency or conduct prejudicial to the corporation's business, or being officers and failing of reelection, shall be entitled to their proportionate participation in the fund of the current year, and shall receive the full amount of common stock, if any, held for their account from previous years.

7. *Disability and death.*—Participants compelled to leave the service on account of protracted illness, disability, or old age, shall be entitled to their proportionate participation in the fund of the current year, and shall receive the full amount of common stock, if any, held for their account from previous years.

In case of the death of a participant having stock held for his account as above, the corporation shall promptly deliver it to his legal representative, and as soon there- [illegible] *as determined* shall deliver to his legal representative his proportion of the cash [illegible] *ck from the fund* of the current year.

PLAN NO. 4.

This limited profit-sharing plan, in operation since 1912, was framed, according to statements of the management, with two objects in view—(1) additional reward to and recognition of deserving employees, and (2) greater and better results for the company in the way of greater efficiency, reduced costs, and improvement in the quality of the finished product.

Profit sharing under this plan depends, first, on the company's net income for the year, the rate of participation being governed by the amount of such income in excess of stipulated requirements; second, on the standing of the particular manufacturing or sales unit with which a specific employee is connected; and, third, upon the length and character of the service of the individual employee.

Individual shares of profits depend upon the net income of the company above a certain specified minimum. When the net profits of the business exceed the stipulated minimum, for the first $100,000 of such excess a profit-sharing dividend of 8 per cent on salaries or wages is declared; for the second $100,000 in excess of the minimum 8.1 per cent is paid; and for each additional $100,000 above the minimum profits two-tenths of 1 per cent is added. At a certain point further the relative increase is changed from two-tenths of 1 per cent to three-tenths of 1 per cent. Shares or profits are paid wholly in cash, but under certain conditions the cash received by an employee as his profits may be used to purchase shares of common stock of the company at par. For instance, each employee whose dividend totals $200 or more is privileged to subscribe for whole shares of the company's common stock at par ($100) up to the amount of even hundreds of his cash distribution. Such subscriptions are entirely optional with the employee.

The plan is administered by a committee consisting of the officers of the company and the head of each department involved.

The standing of the particular manufacturing or sales unit for purposes of profit sharing is established by a very elaborate method of accounting which takes into consideration controllable costs and quality of finished product in the case of manufacturing units, and increased sales, controllable sales expenses, etc., in the case of sales units. It is to be noted that the basis of factory participation is quality and cost of the finished product. In order to equitably determine the eligibility of the various factories it was found necessary to adopt "a few arbitraries," as detailed below.

Owing to the fact that the factories are located in different zones—paying different prices for their manufacturing material—it was deemed fair that all factories be charged with the same price for their raw materials; also that the charge for depreciation be eliminated from factory expenses. This is done in order to put all the

plants on the same basis, thus holding the superintendents and their assistants responsible only for expenses directly under their control.

By reason of the factories manufacturing different sizes and brands, and in order to level them down to a common basis, a system is in force whereby the average cost of the total output of each factory is ascertained; an arbitrary figure per unit is then credited to the factory having the lowest cost and the other factories making the same size or brand are credited with the difference between their cost and the lowest cost plus the arbitrary figure. All factories coming within a fair range of best practice are eligible to profit sharing.

To cover finished product not up to the standard quality, ranging from one-tenth to one-half of 1 per cent of their year's output, the factories are penalized from a minimum of 2 per cent to a maximum of 10 per cent. Any factory exceeding one-half of 1 per cent becomes ineligible for profit sharing that year.

The positions participating in the profit sharing of factories are as follows:

Superintendent, assistant superintendent, head bookkeepers, inspectors, foremen, operators, chief engineers, chief firemen, and chemists.

City Branches.

In determining the eligibility of the city salec branches, an efficiency score is kept on the following lines:

Sales.—For each 1 per cent of increase, credit is given up to a maximum of 20 points; minimum, 2 points.

Cash collections.—For each one-fourth of 1 per cent over standard, credit is given up to a maximum of 20 points; minimum, 10 points.

Container collections.—For each 1 per cent over standard a maximum of 10 points; minimum, 5 points.

Total operating cost, per point.—For each one-tenth of 1 per cent decrease per point, credit is given up to a maximum of 26 points; minimum, 2 points.

General condition of branch property.—Maximum of 8 points, minimum of 3 points.

Condition of salesmen's books.—Maximum of 8, and minimum of 3 points.

Condition and appearance of equipment.—Maximum of 8, and minimum of 3 points.

This allows a possible score of 100 points. A score of 70 or more points entitles to profit sharing.

Rents and depreciation are eliminated in establishing cost of delivery.

The participating positions are as follows:

Superintendents, assistant superintendents, inspectors, cashiers, and head bookkeepers.

General office and field men.

To this group of participants belong employees holding the more important positions in the general office and some men in the field not connected with any particular plant. All employees in the general office receiving $2,000 or more per annum are eligible, unless in some specific case a department head recommends otherwise. The admission of employees receiving this salary, without regard to position, is considered fully warranted, as under this company's method of advancement, it is said, it means proven efficiency as well as a satisfactory service. When the force is augmented by outside men at a salary of or exceeding $2,000 (which is not frequent), it is invariably because of a technical knowledge or a special fitness which would entitle them to profit-sharing consideration aside from salary.

Salesmen.

The eligibility of salesmen is dependent on a certain percentage of increase in the sales of the company's leading brand over the sales of the previous year.

Results of the working of the plan.

A total of $171,824 was distributed as profits during the first two years of the operation of the plan, the dividends on the earnings of the participants amounting to 8.3 per cent in 1913, and 8.1 in 1914. No profits were available for distribution for the business year ending June 30, 1915. The relative proportions of the total employed that participated were as follows: In 1913, 837 or 9.6 per cent; in 1914, 860 or 9.2 per cent. The cost of the plan to the management, in terms of a percentage of the total labor pay roll was 1.3 per cent and 1.2 per cent in 1913 and 1914, respectively.

PLAN NO. 5.

The application of the following plan, No. 5, is restricted to employees earning "not less than $780" per year. The first distribution under it will be made on February 1, 1917.

The following is the text of this plan as announced to the officers and employees of the company on December 31, 1915:

1. The company will distribute among the officers and employees entitled to share in the benefits of the plan so much of its common stock as shall have been acquired by it for the purpose by an expenditure of money equal in amount to 20 per cent of its net profits for the year 1916 remaining after making certain deductions, as hereinafter defined and explained. Net profits remaining after such deductions shall mean the net profits remaining after deducting from the consolidated net profits of the company for the year 1916 as determined by its auditors, whose determination shall be final—first, the full amount of dividends on the preferred stock of the company for the year 1916 and then an amount equal to 5 per cent on its common stock outstanding at the end of the year.

2. Only officers and employees, other than pieceworkers, who shall have been in the employ of this company or one of its said subsidiary companies for approximately the entire calendar year 1916 and shall remain in such employ until February 1, 1917, and whose salary for the year 1916 shall have been not less than approximately $780, shall be entitled to share in the benefits of the plan. No officer or employee shall, however, be entitled to share in the benefits of this plan who shall have sold or otherwise disposed of any stock received by him under the profit-sharing plan of 1915, or who shall have sold or otherwise disposed of or attempted to sell or otherwise dispose of any stock in anticipation of the receipt of such stock by him under this plan for the year 1916, unless the committee mentioned in paragraph 4 of this plan shall consent in writing to any such sale or other disposition.

3. Subject to the right of such committee to exclude any officer or employee for any cause which it deems proper, the stock to be distributed under this plan for the year 1916 shall be distributed among the officers and employees mentioned in the preceding paragraph 2 as nearly as may be pro rata upon the following salary basis: The full salary received for the year 1916 by each officer and employee entitled to share in the benefits of the plan, who shall have been so employed approximately from January 1, 1916, to February 1, 1917, and one-half of the salary received for the year 1916 by each officer and employee entitled to share in the benefits of the plan so employed for a less period, but not less than from approximately January 1, 1916, to February 1, 1917, shall be taken as the basis for distribution.

4. The determination of what officers and employees shall be entitled to share in the benefits of the plan, the amount of their salaries to be taken for the purposes of the plan, all matters to be determined under the plan, including adjustments as to fractional shares, and all details of the plan and its operation shall rest with a committee of the board of directors of this company, consisting at present of Messrs.———, ———, and ———, whose determination shall be final.

5. Nothing in the plan contained shall be deemed to limit the power of this company or of its said subsidiary companies to discharge any officer or employee at any time, with or without cause, and any officer or employee so discharged shall not be entitled to share in the benefits of the plan. This company reserves the right to dispose in whole or in part of its interest in any subsidiary company at any time, in which event the officers and employees of such subsidiary company shall not be entitled to participate in the benefits of the plan, except to such extent, if any, as the committee of directors above mentioned may deem proper.

6. The provisions of paragraph 2 of this plan that no officer or employee who shall sell or otherwise dispose of his stock shall be entitled to share in the benefits of the plan unless the committee shall consent to such sale or other disposition, were inserted in furtherance of the fundamental idea of the plan that the officers and employees of this company and its subsidiaries would be included among its permanent stockholders and as part owners of its business and properties be directly and vitally concerned in its continued prosperity and success. To the extent therefore, that officers and employees sell or otherwise dispose of their stock, the real purpose of the plan is defeated. The retention of their stock by officers and employees from year to year will result in constantly increasing benefits and advantages to such officers and employees and to the company alike, and in this way the fundamental purposes of the plan can be accomplished. The committee will be glad, however, to consider and pass upon the application of any officer or employee of this company, if unusual circumstances at any time exist.

7. This plan is applicable only to the calendar year 1916. It is the intention of the company, however, to continue such plan from year to year, unless in the judgment of its board of directors it shall prove unsatisfactory or experience suggests amendments or modifications.

BONUS PLANS COMMONLY KNOWN AS PROFIT SHARING.

The term "profit sharing" has been extended in popular usage to include several bonus plans, the essential features of which are clearly outside of a correct interpretation of the term. These schemes, although providing a supplementary remuneration to the ordinary earnings of employees, do not involve a direct or definite relation to the net profits of the enterprise.

In examining the profit-sharing system of an establishment little concern is generally given to the theoretical conceptions of the employer who formulated it. Interest lies rather in the fact that the employer is willing to share a part of his profits with his employees. This interest is heightened in some cases by the fact that the amount thus distributed is considerable, presenting a marked augmentation to the ordinary earnings of the employees.

In many instances, profit sharing (as popularly understood) takes the form of a simple bonus in terms of a percentage on earnings which is given to employees at the end of the business or calendar year, the percentage varying with the length of service. In most of these instances the bonus is a mere gift which is not guaranteed and bears no direct relation to the profits realized, even if the amounts distributed vary more or less with the general prosperity of the business. In one notable instance, one of the most widely known, the profits likely to accrue within the year are estimated, about one-half of this estimated amount being distributed among the employees of the concern. The distribution under this plan takes the form of a guaranteed minimum wage per day, graded according to skill.

Profit sharing, properly speaking, should clearly be distinguished from those related forms of remuneration in addition to ordinary wages which do not depend directly or vary with the net profits of the enterprise. Whatever merit the plans presented in the following section may have, they can not be classified as involving the application of the principle of profit sharing. Inasmuch, however, as many of such plans are commonly thought of and discussed as profit sharing, it was deemed desirable to give complete accounts of the workings of the more notable types of such plans in operation in the United States at the present time.

The main interest of the plans described in this section lies in the factors which determine the bonuses to be distributed and the conditions which determine participation. In plan No. 1, presented below, the amounts to be distributed depend upon the length of service and a subscription for a specified amount of stock of the company. In plan No. 2 the distributions depend wholly upon the skill of the employees, as indicated by the rate of wages received and upon a minimum length of service. In plan No. 3 the conditions under which the

various bonuses are paid are the nature of the work and the merit of service. In the various stock subscription plans, types of which are shown on pages 136 to 157, the extra remuneration depends upon subscriptions for stock, while in the various so-called cash bonus plans based upon the length of service, the extra remuneration depends upon both the earnings of an employee and his length of service; the plan on pages 158 and 159 is presented as typical of the latter group. In the plan described on page 161 the hourly rates of wages paid vary with the gross receipts, while in the plan given on page 162 the daily wage varies with the price for which the manufactured commodity is sold. Finally, under the plan described on pages 164 to 166 the bonus dividend on the earnings of the employeés depends upon the savings collectively effected in a specific department over and above an established standard.

PLAN NO. 1.

HISTORY OF THE PLAN.

This plan, which was established in 1887 and revised last in January, 1913, is applicable only to employees who earn $1,500 or less per year, excluding salesmen and traveling representatives. It provides that an employee in order to be eligible to participate in the benefits of the plan must either own or subscribe for an amount of common stock of the company equal to one year's salary, neither more nor less.

Upon application and after approval by the company, the required amount of stock is issued at its market value and held for the employee by three trustees selected by the board of directors of the company from its officers, directors, or employees. A cash payment of 2½ per cent of the cost price of the stock is required at the time of subscription, and a yearly cash payment of at least 4 per cent of the total amount of subscription must be made until the stock is paid for in full. Three per cent interest is charged on the unpaid balances in the meantime.

Immediately upon payment of the first installment of the purchase price, each employee receives a "trust receipt pass book," containing the formal contract between himself and the company, called a "trust receipt." This trust receipt entitles the holder to a dividend at the rate of 16 per cent upon the amount of his wages for the year, in addition to the regular dividend on the common stock that he holds. Both these dividends are applied toward the payment of the stock, but trust receipt dividends are credited to the employee only if he has been in the employ of the company continuously during the preceding half year, dividends being paid on January 1 and July 1 of each year.

After the stock has been paid for in full, the employee's "trust receipt pass book" is exchanged for a "paid-up trust receipt" and all further stock dividends, as well as "trust receipt dividends," are paid in cash. If the employee chooses, however, to withdraw from the plan before he has been a participant for two years, all trust receipt dividends which have been credited to him are deducted from the amount due him.

After an employee has been a participant in the benefits of the plan or an owner of common stock for five years, he may increase his common-stock holdings to 125 per cent of his annual earnings and receive trust receipt participation dividends at the rate of 20 per cent. After 10 years he may increase his holdings to 150 per cent of his annual wages and receive trust receipt dividends at the rate of 24 per cent, the maximum.

Employees are prohibited by the company from assigning or transferring trust receipts or any interests represented thereby.

An employee may, by giving notice at any time, withdraw from the scheme and surrender his holdings; if he decides to withdraw before being a participant at least two years, or before his credits from all sources equal 35 per cent of his subscription, he forfeits all dividends. If he withdraws from the scheme after having been a participant for two years or more and the amounts credited to his account from all sources equal 35 per cent of his total subscription, he may, at the option of the company, and under certain provisions, be paid dividends on his stock, and also receive trust receipt dividends. In this case, he is debarred from further participation in the benefits of the plan.

After having been a participant for two years or more and having paid his stock subscription in full, an employee giving notice of withdrawal has the option of receiving either stock certificates or the cash, equal in amount to his credit from all sources. As in the case of the other employee he forfeits the right to again participate in the benefits of the scheme.

The rules governing the operation of this plan since January 1, 1913, will be found in the following text of the revised plan, issued in pamphlet form by the company:

RULES GOVERNING OPERATION OF PLAN.

PLAN FOR TRUST RECEIPT DIVIDENDS FOR EMPLOYEES THROUGH STOCK OWNERSHIP.

APPLICATION.

Any employee of the ——— Co. (hereinafter called "the company"), earning an amount not exceeding $1,500 a year, excluding, however, salesmen and traveling representatives, may upon application to the treasurer of the company and after approval by the company, have purchased for his account, at its market value at the time of application, an amount of common stock of the company equal to his annual wages, but neither more nor less, except as hereinafter provided.

TRUSTEES.

The stock so purchased for an employee shall be held for the benefit of the employee by three trustees to be appointed from time to time by the board of directors of the company, which trustees may be selected at the board's discretion from its officers, directors, or employees.

PAYMENTS, CREDITS, AND INTEREST.

Such employee shall pay in cash toward the purchase of stock at the time of the approval of his application for its purchase not less than 2½ per cent of the cost price thereof. He shall also pay in cash during each year succeeding the day of purchase, until the stock is fully paid for, not less than 4 per cent of the total amount of his subscription.

All dividends declared upon the stock so purchased for an employee and all trust receipt dividends due such employee, as hereinafter provided, shall be credited upon his unpaid balance until said stock and all interest payable are fully paid.

Upon the unpaid balance which remains after crediting cash payments, dividends on stock, and trust receipt dividends, the company shall charge the employee interest at the rate of 3 per cent per annum; when, however, the stock subscribed together with all interest due have been fully paid, trust receipt dividends and dividends upon the paid-up shares of stock shall be paid in cash to the employee subject to the conditions hereinafter provided.

TRUST RECEIPT PASS BOOKS, PAID-UP TRUST RECEIPTS, AND TRUST RECEIPT DIVIDENDS.

Immediately upon the first payment on the part of the employee on account of the purchase price of the stock, the trustees shall issue to the employee making such payment a trust receipt pass book, containing the formal contract, called the trust receipt, between the company and the employee and stating the amount of stock bought and the amount of money paid on account of such stock, and guaranteeing to the holder of the trust receipt, dividends upon it, at the rate of 16 per cent per annum upon the amount of wages actually earned by him during each year or part thereof, subject to the following conditions:

(*a*) Trust receipt dividends shall be payable semiannually January 1 and July 1, and shall be credited on those dates on the employee's unpaid balance as hereinbefore provided.

(*b*) Said trust receipt dividends shall be credited to the employee only in case he is in the employ of the company on the dates said dividends become payable, and shall have been in the employ of the company continuously during the semiannual period just preceding or from the date of his trust receipt pass book, if same was issued during the previous semiannual period.

(*c*) Should the employee leave the employ of the company or make application for withdrawal from this plan during the said semiannual period, he shall not be entitled to receive or be credited with any trust receipt dividend whatsoever on the wages earned by him during any portion of such period.

(*d*) When the purchase price of the stock subscribed by any employee, together with all interest payable, are fully paid as hereinbefore provided, then the trustees shall recall the trust receipt pass book and shall issue to the employee instead thereof a paid-up trust receipt, and all further trust receipt dividends, as well as dividends on the stock held for him under this plan, shall be paid to the employee in cash, subject to all conditions herein stated, and subject in particular to the further condition that if the employee should make application for withdrawal from this plan before he has been a participant under same for two years, all trust receipt dividends that have been paid to him in cash shall be deducted and retained by the company cash returnable to him.

Neither trust receipt pass book nor paid-up trust receipt, nor any interest therein nor any stock represented thereby, can be assigned or transferred by the employee, and the company will not recognize any such assignment or transfer from the name of the original holder.

The trust receipt pass book or paid-up trust receipt shall be surrendered to the company whenever its holder has demanded and received a certificate or certificates of the common stock of the company therefor, or has been paid or tendered the value of his interest in such stock; or after termination of his employment, upon payment or tender to him of the value of his interest in any such trust receipt pass book or paid-up trust receipt on the date of the termination of his employment, according to the provisions of this plan.

The trustees, from time to time, as dividends or payments are credited or interest charged for the account of the employee, shall have proper entries made in his trust receipt pass book.

INCREASE OF HOLDINGS AFTER FIVE YEARS.

After an employee has been a shareholder of the common stock of the company for a term of five years, he may, upon written application to the treasurer of the company, increase his holding of stock under this plan by an amount equal to 25 per cent of his annual wages at the time he makes application for such increase, and thereafter while he remains an employee receive a trust receipt dividend at the rate of 20 per cent per annum upon his wages, subject, however, to conditions (*a*), (*b*), (*c*), and (*d*) hereinbefore stated. The additional stock so purchased for his account shall be held by the trustees subject to all provisions and conditions herein contained.

INCREASE OF HOLDINGS AFTER 10 YEARS.

After an employee has been a shareholder of the common stock of the company for a term of 10 years, he may, upon written application to the treasurer of the company, increase his holding of stock under this plan to an amount equal to 150 per cent of his annual wages at the time he makes application for such increase, and thereafter while he remains an employee, receive a trust receipt dividend at the rate of 24 per cent per annum upon his wages, subject, however, to conditions (*a*), (*b*), (*c*), and (*d*) hereinbefore stated. The additional stock so purchased for his account shall be held by the trustees subject to all provisions and conditions herein contained.

An employee holding a paid-up trust receipt who increases his subscription under any of the provisions of this plan shall have issued to him a trust receipt pass book for such increase. When the amount of this additional subscription, together with all interest thereon, is paid in full, a new paid-up trust receipt covering both amounts will be issued to him in exchange.

INCREASE OF HOLDINGS UPON ADVANCE IN WAGES.

An employee receiving an increase in his annual wages—such wages, with increase, however, not exceeding $1,500 per annum—may, upon approved application to the treasurer of the company, have purchased for his account, subject to all the conditions of this plan, an additional amount of the common stock of the company at its then market value equal to the increase in his annual wages. Until such application is actually made to the treasurer of the company and approved the basis upon which trust receipt dividends are payable to the employee shall remain unchanged.

Any employee under this plan whose wages are increased to a sum in excess of $1,500 per annum, and whose trust stock has not been paid for in full, may retain his stock under this plan, provided he shall continue to pay annually on account thereof an amount equal to the 4 per cent per annum payment required under this plan, plus a further amount equal to the annual dividends previously credited to his account until same is paid for in full.

Any employee whose wages are increased beyond $1,500 per annum, who has paid for his stock in full, shall receive at once certificates of stock covering the full shares and cash for any fraction thereof to which he may be entitled, on surrender of his paid-up trust receipt. Refund for any fractional interest shall be based upon the then market value of the stock.

WITHDRAWAL.

An employee may at any time surrender his trust receipt pass book or his paid-up trust receipt and withdraw his interest thereunder, subject to the terms and conditions stated below:

Notice and surrender.—He shall give notice in writing to the treasurer of the company of his desire to receive such money or stock as may be due him, and shall, with said written notice, surrender his trust receipt pass book or paid-up trust receipt.

Withdrawal before participation for two years.—An employee who has been a holder under this plan of either a trust receipt pass book or a paid-up trust receipt for a period of less than two years prior to the date of his written notice of withdrawal shall have refunded to him only such an amount as he actually has paid in cash.

Withdrawal before payment in full.—In the event of an employee giving written notice of his desire to withdraw from this plan before the amount of his cash payments, dividends on stock and trust receipt dividends less interest payable, equal 35 per cent of the total amount of his subscription, there shall be refunded to him only such money as he has actually paid in cash toward the purchase of his stock. He shall not derive the benefit of any dividends of any kind whatsoever which may have been credited.

In the event of an employee who has been a holder of a trust receipt pass book for a period of two years or more giving written notice of his desire to withdraw from this plan, after the amount of his cash payments, dividends on stock and trust receipt dividends less interest payable, equal or exceed 35 per cent of the total amount of his subscription, he shall receive within 90 days thereafter, at the company's option, an amount equal to the money paid by him toward the subscription price of his stock, plus the dividends on his stock and trust receipt dividends credited, less interest payable, subject to all conditions and provisions herein stated: *Provided*, That this privilege shall not be given to anyone who, to bring the total amount of his net credits to 35 per cent, has paid more than 5 per cent of his total subscription within 60 days next preceding his notice of withdrawal. The employee so withdrawing, upon receiving the value of his interest in this plan, either in the common stock of the company or its money equivalent as provided, shall surrender all rights hereunder and shall be debarred from further right to subscribe for stock or to have or enjoy any of the privileges of this plan. He shall not be entitled to receive any trust receipt dividends upon wages earned after date of written notice of his desire to withdraw, nor shall anyone receive any such trust receipt dividends who is not the rightful holder of a trust receipt pass book or paid up trust receipt.

Withdrawal after payment in full.—If an employee who has been a holder of a trust receipt for two years or more, and who has paid his subscription in full with interest, should desire to withdraw the paid up stock held in trust for him under this plan, or its money equivalent, he may do so by giving 90 days' notice in writing to the company of his intention so to do.

At the end of 90 days, or before at the option of the company, there shall be delivered to him certificate or certificates of the common stock of the company representing stock paid for under this agreement, or its money equivalent, based upon the market price of the stock on date of written notice of withdrawal, and subject to all conditions and provisions herein stated: *Provided, however*, That the total cash payments made by the employee during the 60 days immediately preceding the date of his written notice of withdrawal be not in excess of 10 per cent of the total amount of his

subscription, in the manner stated in the preceding clause entitled "Withdrawal before payment in full." No certificate shall be demanded or issued for a fractional share of stock.

An employee receiving such stock or its money equivalent as provided shall surrender all rights and privileges under this plan, as stated at the close of the preceding clause entitled "Withdrawal before payment in full."

Withdrawal or discharge of employee.—The fact that an employee is taking advantage of and is receiving the benefits of this plan, shall not deprive the company of the right at any time to discharge such employee and thereby terminate his participation under the plan. Should the employee be discharged or should he leave the employ of the company for any cause, he shall within three days thereafter, make written application for the withdrawal of his interest under this plan. In the event of his failure to do so then his participation in the benefits of the plan shall cease and determine upon the termination of his employment, and settlement shall be based on the status of his account on said date of termination, subject to the conditions and provisions herein stated.

SETTLEMENT UPON DEATH OF EMPLOYEE.

In the event of the death of an employee participating in this plan, there shall be paid to his estate all money paid by him on account of his subscription to stock under the plan, together with all dividends credited upon the purchase price of said stock less the amount of interest, if any, remaining unpaid. In addition, his estate shall receive in cash the benefit of any increase in the market value of his investment over and above its purchase price.

This arrangement shall be effective regardless of the amount paid toward the original subscription.

GUARANTY.

If, on the date of the signed application of an employee for withdrawal of his interest under this plan, the market value of the total stock held for him is less than the total of his subscription in money, there shall be refunded to him, without deduction, all money paid and dividends credited, less interest payable, subject however to all conditions governing withdrawal before or after payment in full.

Any increased value of the employee's stock on the date of his application for withdrawal shall accrue to him only in the event that his subscription shall have been paid in full, and subject in particular to the conditions governing withdrawal after payment in full.

All stock held by an employee under this plan shall be considered as a whole, and fractional additions made from time to time, as the result of salary increases or for other reasons, shall not be considered in making refunders as [sic] separate subscriptions.

STOCK INCREASES.

If at any time common capital stock is issued to stockholders for cash, then a holder of stock under the trust receipt plan will have added to his account a pro rata portion of such increase less such an amount which, sold at the current market, will produce a sum sufficient to pay for his pro rata allotment, and the remaining amount of stock shall be added without cost to the account of the trust receipt holder.

Any increase in the common capital stock distributed to common stockholders as a dividend shall be added to the account of a trust receipt holder in his proper proportion, without charge or deduction in amount, and such stock dividend may not be sold or otherwise disposed of, but must be added to the account of the employee until such account is terminated in accordance with other sections of this plan.

PASS BOOKS AND TRUST RECEIPTS—PROPERTY OF THE COMPANY.

Trust receipt pass books and paid up trust receipts shall belong to the company and shall be surrendered to it whenever a holder, after paying for the interest represented by such receipt or pass book, has demanded or received a certificate or certificates of the common stock of the company therefor or has been paid or tendered the value of such interest; or after termination of the employment of the receipt holder, upon payment or tender to him of the value of his interest in such receipt according to the provisions of this plan.

TERMINATION OF PLAN.

The company reserves the right as against any or all employees to terminate this plan altogether at the end of any fiscal year, and in such event settlement with each trust receipt holder will be made according to the condition of his individual account at such time and under the aforementioned conditions governing withdrawal.

RESULTS OF THE WORKING OF THE PLAN.

The following table shows in detail, by distribution periods, since 1903, the number and per cent of employees participating, dividends to employees, and the cost of the profit-sharing plan to the company in terms of a percentage of the total pay roll of the establishment.

TABLE 32.—NUMBER OF EMPLOYEES, PROPORTION PARTICIPATING, PARTICIPATION DIVIDENDS TO EMPLOYEES, AND COST OF PROFIT-SHARING PLAN TO EMPLOYER, BY DISTRIBUTION PERIODS, 1903 TO 1915.

Dividend period ending—	Total employees.	Employees participating in profits.		Total pay roll.	Pay roll of participants.		Dividends to employees.		
		Number.	Per cent of total.		Amount.	Per cent of total pay roll.	Amount.	Per cent of total pay roll.	Per cent of pay roll of participants.
Dec. 31, 1903	940	458	48.7	$243,060	$134,762	57.6	$16,178	6.9	12.0
June 30, 1904	952	476	50.0	238,904	141,551	59.3	16,993	7.1	12.0
Dec. 31, 1904	987	474	48.0	250,698	149,307	59.6	17,924	7.1	12.0
June 30, 1905	1,043	499	47.8	270,140	155,279	57.5	18,841	7.0	12.1
Dec. 31, 1905	1,098	529	48.2	273,039	161,668	59.2	19,408	7.1	12.0
June 30, 1906	1,157	531	45.9	289,050	166,693	57.7	20,004	6.9	12.0
Dec. 31, 1906	1,175	527	44.9	292,797	170,034	58.1	20,405	7.0	12.0
June 30, 1907	1,540	535	34.7	380,582	171,043	44.9	20,526	5.4	12.0
Dec. 31, 1907	1,544	525	34.0	385,997	171,901	49.7	20,629	5.3	12.0
June 30, 1908	1,980	551	27.8	479,999	166,511	34.7	20,252	4.2	12.2
Dec. 31, 1908	1,986	537	27.1	485,406	168,759	34.8	21,200	4.4	12.6
June 30, 1909	2,040	599	29.4	515,855	174,108	33.8	22,310	4.3	12.8
Dec. 31, 1909	2,082	584	28.0	523,684	188,325	36.0	23,955	4.6	12.7
June 30, 1910	2,601	647	24.9	722,284	199,483	27.6	25,384	3.5	12.7
Dec. 31, 1910	2,640	726	27.5	734,984	228,557	31.1	29,319	4.0	12.8
June 30, 1911	2,687	778	29.0	752,871	236,632	31.4	30,619	4.1	12.9
Dec. 31, 1911	2,711	795	29.3	763,566	251,073	32.9	32,030	4.2	12.8
June 30, 1912	2,840	859	30.2	824,728	280,595	34.0	35,522	4.3	12.7
Dec. 31, 1912	2,852	950	33.3	832,880	283,405	34.0	36,140	4.3	12.8
June 30, 1913	2,963	1,122	37.9	926,136	340,807	36.8	57,660	6.2	16.9
Dec. 31, 1913	2,980	1,272	42.7	937,877	395,112	42.1	67,805	7.2	17.2
June 30, 1914	2,994	1,474	49.2	992,328	443,581	44.7	75,557	7.6	17.0
Dec. 31, 1914	2,915	1,653	56.7	1,003,280	495,899	49.4	84,176	8.4	17.0
June 30, 1915	2,912	2,003	68.8	984,241	590,133	60.0	99,549	10.1	16.9
Dec. 31, 1915	2,898	1,991	68.7	997,756	648,444	64.9	109,671	11.0	16.9

Since 1903 the proportion of the total employed that participated in the benefits of the plan varied considerably—from 24.9 per cent

for the distribution period ending June 30, 1910, to 68.8 per cent for the period ending June 30, 1915. The average proportion participating for the entire period was slightly over 40 per cent of the total employed.

The size of the participation dividend, as might be expected, did not vary as much as the proportion of employees participating. The lowest average dividend paid to an employee—12 per cent—was during the first years of the operation of the plan, while the highest average dividend—16.9 per cent—was paid at the end of the period ending June 30, 1915.

Below is presented a table showing the occupation groups of the participating employees for one representative distribution period, ending December 31, 1915:

TABLE 33.—NUMBER AND PER CENT OF PARTICIPATING EMPLOYEES IN EACH OCCUPATION GROUP, FOR THE DISTRIBUTION PERIOD ENDING DEC. 31, 1915.

Occupation group.	Employees.	
	Number.	Per cent.
Executive and supervisory	38	1.9
Clerical	506	25.4
Manufacturing	1,447	72.7
Total	1,991	100.0

The provisions of the plan, as described in detail above, exclude from the benefits of the plan employees whose earnings exceed $1,500 per year; this accounts for the small number of executive and supervisory employees that participated in the distribution of December 31, 1915, namely, 1.9 per cent. All of the latter were foremen. As the table shows, over 70 per cent of all the participants belonged to the group of mechanical or manual occupations, skilled and unskilled.

The following table shows the changes in the total number employed and the number participating, 1904 to 1915:

TABLE 34.—NUMBER AND PER CENT OF EMPLOYEES PARTICIPATING IN PROFITS, BY YEARS, 1904 TO 1915.

Year.	Total employees.	Employees participating in profits.	
		Number.	Per cent.
1904	970	475	49.0
1905	1,071	514	48.0
1906	1,166	529	45.4
1907	1,512	530	34.4
1908	1,983	544	27.4
1909	2,061	592	28.7
1910	2,621	687	26.2
1911	2,699	787	29.2
1912	2,646	905	34.2
1913	2,972	1,197	40.3
1914	2,955	1,564	52.9
1915	2,905	1,997	68.7

On December 31, 1915, 1,997, or 68.7 per cent of all the employees of the company, with the aid of the plan, were holding 3.2 per cent of the total number of shares of common stock of the corporation, and 2.8 per cent of the number of shares of common and preferred stock of the concern combined. The 4,378 shares of common stock held by them on the above-mentioned date had a market value of over three million dollars. The aggregate amount of money paid in by them to cover their subscriptions since 1903 was $543,616. No modifications in the essential features of the plan as outlined above are contemplated in the near future.

PLAN NO. 2.

The relation of the amount of money distributed as "profits" under this plan to the actual profits of the company is discretionary. It is stated by the company to be as follows:

> The amount of the profits to be distributed among the employees will be determined yearly and will be based upon the result of the company's business during the previous year, together with an estimate of what the profits will be during the year to come. The amount of profits to be distributed, once determined, will not be changed, however, during the year.

The plan went into operation January 12, 1914, and since that date the participation rates as described below have undergone no change. Inasmuch as it can hardly be assumed that the profits of the company have undergone no variation during this period, it can not be said that there is an immediate relation between the net profits of the business and the amounts distributed to employees under this plan. For this reason, whatever of intrinsic value the plan may have, it may not properly be classified as profit sharing, for, as pointed out in this report, one of the essential principles of profit sharing is that the amount distributed to participating employees shall depend upon and vary with the net profits of the enterprise.

Under this plan the so-called share of profits that each employee receives although paid at the same time as his wages is yet separate and distinct. The detailed provisions governing the plan seem to indicate that the design is to give to the employee who is getting the least wages the largest share of the "profits." This can readily be seen from the text on page 99 showing rates of wages, participation rates, and total daily income of specific classes of employees.

THE BASIC WAGE OR SALARY.

Before the introduction of the plan in 1914 an effort was made by the management to determine and establish what would be an *equitable basic* wage for specific grades of work, the elemental basis *for such classification* being the relative amounts of skill required in

specific grades of work. Accordingly, such a classification was worked out from a general survey of the entire operating force.

As a standard of comparison for the individual skill of each operative the established shop rate of the plant was taken. This shop rate for any particular operation was derived from the machine production, as rated by the records of the specific shop, less a percentage deduction for the human element and the necessary stoppages of the machine. For each operation in the shop the human equation has been based on what was considered "the best possible production of a skilled employee determined by actual trial." It was decided that all shop employees should be classified as to occupation into five general divisions: (A) mechanics and subforemen; (B) skilled operators; (C) operators; (D) helpers; (E) laborers; and (F) a special class composed of women, messengers, etc. The five major classes just mentioned were each further divided into: (1) First-class workmen; (2) men of average ability; and (3) beginners. Thus an employee rated as A-1 would be a first-class mechanic, while a man rated as D-3 would be a helper and a beginner.

Rates of pay on a per hour basis were then determined and adopted according to the following table:

TABLE 35.—CLASSIFICATION OF EMPLOYEES AND WAGE SCHEDULE MADE EFFECTIVE OCT. 1, 1913 (COMPILED AUG. 1, 1913.)

[Key: A—Mechanics and subforemen. B—Skilled operators. C—Operators. D—Helpers. E—Laborers. Service—Employees in service continuously for 2 years and over. 1—First-class workmen. 2—Men of average ability. 3—Beginners.]

Skill rate.	Former hiring rate.	Present per hour rate.	Number of employees having a wage-rate range of—										Total.
			59-60 cents.	52-58 cents.	46-50 cents.	42-45 cents.	38-41 cents.	34-37 cents.	29-33 cents.	26-28 cents.	23-25 cents.	20-22 cents.	
			Condensed to—										
			65 cents.	60 cents.	54 cents.	48 cents.	43 cents.	38 cents.	34 cents.	30 cents.	26 cents.	23 cents.	
A-XX			2	7									9
A-X													
A-1		54			2								2
A-2		48				45							45
A-3		43					273						273
B-Service		43					51						51
B-1		38						606					606
B-2		34							1,457				1,457
B-3	23	30								1,317			1,317
C-Service		38						19					19
C-1		34							348				348
C-2		30								2,071			2,071
C-3	23	26									4,311		4,311
D-1		34							31				31
D-2		30								137			137
D-3	23	26									416		416
E	23	[1] 26									2,003		2,003
Special	20	23										208	208
													13,304

[1] This minimum-wage classification has been revised upward three times since Oct. 1, 1913, the minimum for this and all other classes except specials since Oct. 10, 1916, being 43 cents.

PARTICIPATION IN THE "PROFITS."

For purposes of participation all the employees of the company are divided into two general groups: (A) Salaried employees—hired and paid by the month, and including all the general executive, supervisory, technical, commercial, and clerical employees; and (B) wage-earning employees—hired by the day or hour, and engaged directly or indirectly in the various processes of manufacturing, who may be termed manufacturing employees. It is for the latter group chiefly that the plan, under certain conditions, has established a minimum of $5 for adult employees for an eight-hour day.

A. Salaried Employees.

Class 1.—Embraces the greater part of the executive and supervisory employees of the company, from foremen up, with an earning capacity of over $175 per month. The bonuses are paid annually, individual amounts being determined arbitrarily by the management. This class, it appears, was receiving these bonuses before 1914.

For purposes of bonus distribution at the end of the last fiscal year, this class was divided into three separate divisions. The following shows the number of employees in each of the divisions and the total amount received by them:

Division.	Number of employees.	Total bonuses.
1	79	$213,700
2	240	367,300
3	1,050	246,300
Total	1,369	827,300

Of the total number in this group—1,369—994 were also benefited by the general plan instituted on January 12, 1914.

Class 2.—Salaried employees. Rates of participation are according to classified basic salary, as follows:

Classified basic salaries.	Rate per day under plan.
$75 and under	$5.00
$76 to $85	5.25
$86 to $95	5.50
$96 to $110	5.75
$111 to $120	6.00
$121 to $135	6.25
$136 to $150	6.50
$151 to $165	6.75
$166 to $175	7.00

Class 3.—Salaried employees. Rates of participation are according to classified basic salary, as follows:

Classified basic salaries.	Rate per day under plan.
$30 and under	$2.00
$31 to $35	2.25
$36 to $40	2.50
$41 to $45	2.75
$46 to $50	3.00
$51 to $55	3.25
$56 to $60	3.50
$61 to $65	3.75
$66 to $75	4.00

B. Manufacturing Employees.

Rates of participation are according to classified basic wage rates.

Skilled grade.	Basic wage rate per hour.	Participation rate per hour.	Total income per hour. Before plan became effective.	Total income per hour. Under plan.	Total income per 8-hour day. Before plan became effective.	Total income per 8-hour day. Under plan.	Total income per 8-hour day. Per cent increase per day.
	Cents.	*Cents.*	*Cents.*	*Cents.*			
A	80	7½	80	87½	$6.40	$7.00	9.4
X	73	11⅜	73	84⅜	5.84	6.75	15.6
1	68	13¼	68	81¼	5.44	6.50	19.5
2	61	17⅛	61	78⅛	4.88	6.25	28.1
3	54	21	54	75	4.32	6.00	38.9
B-Service	54	21	54	75	4.32	6.00	38.9
1	48	23⅞	48	71⅞	3.84	5.75	49.7
2	43	25¾	43	68¾	3.44	5.50	59.9
3	38	27⅝	38	65⅝	3.04	5.25	72.7
C-Service	48	23⅞	48	71⅞	3.84	5.75	49.7
1	43	25¾	43	68¾	3.44	5.50	59.9
2	38	27⅝	38	65⅝	3.04	5.25	72.7
3	34	28½	34	62½	2.72	5.00	83.8
D-1	43	25¾	43	68¾	3.44	5.50	59.9
2	38	27⅝	38	65⅝	3.04	5.25	72.7
3	34	28½	34	62½	2.72	5.00	83.8
E	34	28½	34	62½	2.72	5.00	83.8
Girls	34	28½	34	62½	2.72	5.00	83.8

As can readily be seen, the essential principle guiding the distribution of "profits" is that the largest proportion be given to the lowest paid employees; thus an employee with an earning capacity of 80 cents per hour receives as "profits" only 9.4 per cent of his wage, while the lowest paid operatives receive almost nine times as large a proportion, namely, 83.8 per cent.

DETERMINATION OF ELIGIBILITY FOR PARTICIPATION.

Below is presented a summary of the rules governing eligibility for participation in the benefits of the plan as in force October, 1916.

Every employee 21 years of age or over, in employ for six months, who leads a clean, sober, and industrious life, and who can prove that he has thrifty habits, is eligible to share in the profits.

Every married man, no matter what age, in employ for six months, who can qualify as to sobriety, industry, and cleanliness, can participate, if he is living with his family.[1]

Every employee under 21 years of age, in employ for six months, who is the sole support of a widowed mother, or next of kin, and who leads a clean, sober, and industrious life, can participate.

Immediately after employing a man an investigation is started by one of the company's agents especially appointed for that purpose into the economic, social, moral, etc., conditions of the prospective participant on the theory that while an employee's wages are his own, the company having no concern about them, except to pay when due, the giving of profits is at the option of the company and is conditional upon requirements of thrift. The comprehensiveness of this investigation may readily be seen by examining the following three exhibits taken from the original records of the education department of the company.

Record A.—This employee upon investigation made on January 2, 1914, was not approved for participation because "he lived in a dirty insanitary hut, and has a home full of boarders, who sleep three and four in a room * * * there is no privacy. Wife looks haggard from overwork. She and the children are as dirty as the surroundings." The investigator of the company advised this man "to move to a more sanitary neighborhood; clean up, and put in some home comforts."

On May 23 of the same year this employee was again visited. It was found that, acting on the suggestion of the company's investigator, he had greatly improved his home conditions, and had also purchased a lot in the suburbs for home building purposes. He was accordingly approved for participation.

On December 16, 1914, upon a third visit, it was found that he had completed the payments on the purchased lot, had built a house on it, and that he "now has a modern 7-room house, containing a bath and all modern improvements, occupied by the family only. * * * He also bought new furniture."

On August 15, 1915, upon a fourth visit the agent of the company reported that this employee "is making wonderful progress with his share of the profits. His home is comfortably furnished, the family is neat and clean. * * * They are a happy and contented family."

The record of investigation as kept by the company on a special card-index form, follows verbatim:

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[1] Since October, 1916, every married man is approved for participation at the end of his first six months of service, regardless of home conditions. However, he is expected to meet the expectations of the [illegible]y in matters relating to living conditions, thrift, etc.

RECORD OF INVESTIGATION. No. ——— [Record A].

Name: ———. Address: ———, *1-9-14;* ———, *5-23-15.*

Date (factory): *1-10-14.* Date (home): *1-9-14.* Date hired: *10-1-13.* Date of last inv.: ———

Age: *30.* Date of birth: *5-10-1883.* Religion: *Catholic.* Speak English: *No.* Nationality: *German Pole.*

Married: *Yes.* In Detroit how long: *6 months.* In U. S.: *1 year.* Naturalized: *No.*

Dependents.

Name: ———. Relation: *Wife.* Age: *29 years.* Address: *Same.* Extent: *Totally.*
Name: ———. Relation: *Daughter.* Age: *5 years.* Address: *Same.* Extent: *Totally.*
Name: ———. Relation: *Daughter.* Age: *3 years.* Address: *Same.* Extent: *Totally.*
Name: ———. Relation: *Son.* Age: *1½ years.* Address: *Same.* Extent: *Totally.*
Name: ———. Relation: *Son.* Age: *4 months.* Address: *Same.* Extent: *Totally.*

Habits: *Drinks and smokes.* Education: Past—*One year in old country;* present—*None.* Doctor: *None;* address ———

Life Ins. Co. name: *None.* What kind: ——— Amount: ——— Premiums per year: ———

Kind of building: *2-story frame; poor condition.* No. of rooms: *7; no bath.* Occupants: Male, *10;* female, *1;* children, *4.* Light: *Poor.* Air: *Poor.* Sanitation: *Very bad.* How furnished: *Only bare necessities.*

Neighborhood: *Very bad. This is an alley with one and two story houses in poor condition on one side only—Foreign.* Rents, month: *$14.*

FINANCIAL CONDITION.

Property owned or buying.	Location.	Value.	Am't paid this inv.	Am't paid (date), 5-23-14.	Am't paid (date), 12-16-14.	Am't paid (date), 8-10-15.
None						
Buying lot	Jerome Park	$700		$250		
Owns shack	On lot above	225		225		
Buying home	— Jerome Park	3,250			$900	$1,100

Name of bank.	Location.	Account No.	Balance this inv.	Balance (date), 5-23-14.	Balance (date), 12-16-14.	Balance (date), 8-10-15.
State Savings	Main Street	396	$300	$25	$1	$116

Debts to—	For—	Balance due this inv.	Balance due (date), 5-23-14.	Balance due (date), 12-16-14.	Balance due (date), 8-10-15.
None					
Restrict Lumber Co	Built shack		$75		
Peoples Furniture Co				$150	$45

Acc't of share of profits.	This date.	Acc't of share of profits.	(Date), 5-23-14.	Acc't of share of profits.	(Date), 12-16-14.	Acc't of share of profits.	(Date), 8-10-15.
None		On lot (v)	$250	Paid on home (v)	$650	Prin. on home (v).	$200
		On shack (v)	150	Lumber debt (v)	75	Int. on home (v).	65
		Clothes for family (v).	50	Furniture (v)	20	Furniture (v).	101
		Moving (v)	5		745	Banked (v)	115
			455	Bank decrease	24		481
				From sale of shack.	200		
		Bank decrease.	275		521		
			180				

Home Condition.

Date: 5-23-14, *Good.* Date: 12-16-14, *Good.* Date: 8-10-15, *Good.*

Remarks.

This man lives in a dirty insanitary hut, and has home full of boarders, who sleep 3 and 4 in a room. There is no privacy. Some of the boarders go through the room where man and wife sleep to reach their own. Wife looks haggard from overwork. She and children are as dirty as the surroundings. Have advised him to get rid of the boarders; move to a more sanitary neighborhood; clean up, and put in some home comforts. Can not approve him for share of the profits under present living conditions.

May 23, 1914: This man has followed my suggestion made on last investigation. He has purchased a lot in the suburbs and has built a 3-room shack on it; occupied by his family only. The present home conditions are a great improvement on last investigation. This is only a temporary house, but he is going to build a larger home as soon as he gets his lot paid for. He has also enrolled in the Ford English school, and attends three times a week. The furniture is not excellent, but it is enough for their immediate needs. The family, as well as the home, show cleanliness.

Dec. 16, 1914: Since last investigation this man has completed payments on his lot; had a house built on it, and turned over the deed as 1st payment. He now has a modern 7-room house, containing bath and all other modern improvements, occupied by the family only, which now consist of 7 members. He has a new son one month old. He is getting along well with his studies, and can now talk fairly good English. He expects to graduate with the next class. Has also bought new furniture. His home is now comfortably furnished, and very clean. The shack mentioned on previous investigation was sold for $200.

Aug. 15, 1915: Our employee is making wonderful progress with his share of profits. His home is comfortably furnished; the family is neat and clean. He can now speak English, and has taken out 1st naturalization papers. They are a happy and contented family.

Inf'n from: *Self and wife*: Relation: .... Int'r: ——. Inv'r: ——. This date: *Disapprove.*

Inf'n from: *Self and wife.* Relation: .... Int'r: ——. Inv'r: ——. Date: *Approve, 5-23-14.*

Inf'n from: *Wife.* Relation: .... Int'r: ——. Inv'r: ——. Date: *Approve, 12-16-14.*

Inf'n from: *Wife and self.* Relation: .... Int'r: ——. Inv'r: ——. Date: *Approve, 8-10-15.*

Approved for Share in Div. Profits.

By *L. G. M.* Date: *5-25-14.* By *A. E.* Date: *12-18-14.* By *L. G. M.* Date: *8-13-15.*

Rate: *1-12-14,* .... Skill: *34 C 3.* Rate: *5-25-14, 62½.* Skill: *34 C 3.* Rate: *12-18-14, 62½.* Skill: *34 C 3.* Rate: *8-13-15, 62½.* Skill: *34 C 3.*

Remarks.

Have explained profit sharing fully. Think he understands now and will improve living conditions generally.

Record B.—As a result of a first investigation made on December 1, 1914, this employee was approved for participation because the investigator of the company thought "that he will make good use of the profits."

Upon a second visit made six months afterwards it was found "that the profits have been a detriment to this young man. After getting a share of the profits he started in having a good time. He not only spent all the profits he received, but the money he had in the bank." On the basis of this report the employee was disqualified from further participation in the benefits of the plan.

Upon a third visit, again six months later, the investigator of the company reported that the employee "has realized his mistake, that he now has a bank account and has shown thrift." The employee was accordingly put back on the participating roll.

The record as kept by the company is as follows:

No. —— [Record B].

RECORD OF INVESTIGATION.

Name: ——— Address: ———, *1-10-14*.

Date (factory): *1-12-1914*. Date (home): *1-10-14*. Date hired: *6-2-11*. Date of last inv.: ....

Age: *23 (v)*. Date of birth: *July 7, 1890* (birth certificate). Religion: *Catholic*. Speak English: *Yes*. Nationality: *American*.

Married: *No*. In Detroit how long: *Life*. In U. S.: *Life*. Naturalized: ....

Dependents.

Name: *None*. Relation: ..... Age: ..... Address: .... Extent: .....
Name: ...... Relation: ..... Age: ..... Address: ...... Extent: .....
Name: ...... Relation: ..... Age: ..... Address: .... Extent: .....
Name: ...... Relation: ..... Age: ..... Address: .... Extent: .....

Habits: *Good; smokes—does not drink*. Education: Past—*high school;* present—*None*. Doctor: *None;* address: ....

Life Ins. Co. name: *Metropolitan*. What kind: *20 year endow*. Amount: *$2,000*. Premiums per year: *$65*.

Kind of building: *2-story brick*. No. of rooms: *9 and bath*. Occupants: Male *4;* female *2;* children *1*. Light, air, sanitation: *Good*. How furnished: *Well*.

Neighborhood: *Good; American residential 2-story houses in good condition*. Boards, week: *$7*.

FINANCIAL CONDITION.

Property owned or buying.	Location.	Value.	Am't paid this inv.	Am't paid (date), 7-10-14.	Am't paid (date), 12-1-14.	Am't paid (date), 8-1-15.
None						
None				None.		
Buying lot	— Center St.	$650			None.	$55

Name of bank.	Location.	Account No.	Balance this inv.	Balance (date), 7-10-14.	Balance (date), 12-1-14.	Balance (date), 8-1-15.
H. P. State	H. P.	2243	$64			
None				None.		
H. P. State	H. P.	19467			$24	$253

FINANCIAL CONDITION—Concluded.

Debts to—	For.	Balance due this inv.	Balance due (date), 7-10-14.	Balance due (date), 12-1-14.	Balance due (date), 8-1-15.
None			None.	None.	None.

Acc't of share of profits.	This date.	Acc't of share of profits.	(Date) 7-10-14.	Acc't of share of profits.	(Date) 12-1-14.	Acc't of share of profits.	(Date) 8-1-15.
		Bank decrease. Can not account for any of profits.	$64	Clothes (v)	$35	Insurance (v)	$65
				Banked (v)	24	Lot (v)	55
				Dentist (v)	8	Banked (v)	229
					67		349

Home condition.

Date: 7-10-14, *Same.* Date: 12-1-14, *Same.* Date: 8-1-15, *Same.*

Remarks.

This man lives with a respectable family, and has started a savings account, and I believe will make good use of the profits, if granted.

July 10, 1914: The profits have been a detriment to this young man. After getting a share of the profits he started in having a good time. He not only spent all of the profits he received, but the money he had in the bank as well. He has absolutely nothing to show for the wages and share of the profits he has received since last investigation.

Dec. 1, 1914: This man has realized his mistake. He has started a new account at the H. P. State bank; says he now stays in nearly every evening. Since he has shown thrift with his wages since last investigation, I think he should be given another chance.

Aug. 1, 1915: A big change has taken place in this young man. Every one around the place where he lives speaks very well of him. He has saved his share of profits, bought a lot, and intends to get married shortly and build a home. He has started a technical course in the Y. M. C. A.

Inf'n from: *Self & Mrs. J. W.* Relation: *Landlady.* Int'r: *None.* Inv'r. ———. This date: *Approve.*

Inf'n from: *Self & Mrs. J. W.* Relation: *Landlady.* Int'r: *None.* Inv'r: ———. Date: *Disapprove, 7-10.*

Inf'n from: *Self & Mrs. J. W.* Relation: *Landlady.* Int'r: *None.* Inv'r: ———. Date: *Approve, 12-1-14.*

Inf'n from: *Self.* Relation: ———. Int'r: *None.* Inv'r: ———. Date: *Approve, 8-1-15.*

Approved for Share in Div. Profits.

By *L. G. M.* Date: *1-14-14.* By ———. Date: ———By *A. E.* Date: *12-5-14.* By *L. G. M.* Date: *8-5-15.*

Rate: *1-14-14, 68¾.* Skill: 43 B 2. Rate: *7-12-14,* ..... Skill: 43 B 2. Rate: *12-5-14, 68¾.* Skill: 43 B 2. Rate: *8-5-15, 68¾.* Skill: 43 B 2.

Remarks.

Have talked to this man, and he realizes the mistake he has made. Promises to *mend his ways.*

Record C.—This employee, although not eligible to participate by reason of the fact that he was under 22 years of age, was put on the participating roll upon the recommendation of the company's investigator because it was found that he was the sole support of the family. The father of the family, upon his death, had left it penniless, without any means of support.

The record follows:

No. —— [Record C].

RECORD OF INVESTIGATION.

Name: ——. Address: ——, *1-8-1914*, ——, *8-5-14*, ——, *1-20-15*.
Date (factory): *1-9-14*. Date (home): *1-8-14*. Date hired: *12-10-13*. Date of last inv.: ....

Age: *20*. Date of birth: *3-12-1893*. Religion: *Protestant*. Speak English: *Yes*. Nationality: *American*.

Married: *No*. In Detroit how long: *8 years*. In U. S.: *Life*. Naturalized: ....

Dependents.

Name: ——. Relation: *Mother*. Age: *46 yrs*. Address: *Same*. Extent: *Totally*.
Name: ——. Relation: *Brother*. Age: *12*. Address: *Same*. Extent: *Totally*.
Name: ——. Relation: *Sister*. Age: *9*. Address: *Same*. Extent: *Totally*.

Habits: *Good; does not smoke or drink*. Education: Past—*Common school*. Present—....... Doctor, ——; address: ——.

Life Ins. Co. name: *None*. What kind: .... Amount: .... Premiums per year: ....

Kind of building: *1-story frame*. No. of rooms: *Four*. Occupants: Male, *1*; female, *1*; children, *2*. Light: *Fair*. Air: *Good*. Sanitation: *Good*. How furnished: *Fairly well*.

Neighborhood: *Mostly frame cottages in fair condition, congested, mixed nationalities*. Rent, month: *$12*.

FINANCIAL CONDITION.

Property owned or buying.	Location.	Value.	Am't paid this inv. 1-8-14.	Am't paid (date), 8-5-14.	Am't paid (date), 1-20-15.	Am't paid (date), 10-5-15.
None						
Buying home	2872 Main St	$2,850		None.	$500	$765

Name of bank.	Location.	Account No.	Balance this inv. 1-8-14.	Balance (date), 8-5-14.	Balance (date), 1-20-15.	Balance (date), 10-5-15.
None						
H. P. State	H. P.	11934		$250	$50	$105

Debts to—	For—	Balance due this inv. 1-8-14.	Balance due (date), 8-5-14.	Balance due (date), 1-20-15.	Balance due (date), 10-5-15.
Family Furniture Co	Furniture	$20	None.		
D. J. Green	Undertaker	60	$20	None.	
Family Furniture Co	New furniture		32	$12	None.

FINANCIAL CONDITION—Concluded.

Acc't of share of profits.	This date.	Acc't of share of profits.	(Date) 8-5-14.	Acc't of share of profits.	(Date) 1-20-15.	Acc't of share of profits.	(Date) 10-5-15.
		Banked (v)....	$250	Paid on home....	$500	Prin. on home.	$265
		Furniture debt.	20	Undertaker......	20	Int. on home..	40
		Funeral debt...	40	Furniture........	20	Banked.......	55
		New furniture..	40	Insurance........	30	Furniture.....	12
			350		570		372
				Bank decrease.	200		
					370		

Home condition.

Date: 8-5-14, *Good*. Date: 1-20-15, *Good*. Date: 10-5-15, *Same*.

Remarks.

This boy lost his father by death about 6 months ago, and the mother has had a rather hard struggle to make both ends meet. The father did not carry life insurance, and they are still in debt for the funeral expenses. This son is very good to his mother. He turns his pay envelope over to her each pay day. A very worthy case. Mother has no other means of support.

Aug. 5, 1914: This family has moved to a nice five-room flat, occupied by themselves only. Have bought new furniture, and everything is clean and comfortable. They intend to buy a home of their own as soon as they have a little more saved.

Jan. 20, 1915: Since last investigation this family has purchased a nice little cottage containing 6 rooms and bath; have all modern conveniences, including furnace, and is in a neighborhood not very thickly settled; children have plenty of room to play and lots of fresh air. Boy has taken out a 20-year insurance policy with the New York Life for $1,000.

Oct. 5, 1915: This family is getting along very nicely. They are very thrifty. The share of profits has been put to good use, and they are very happy and contented. The boy is now 22 years old and has verified his age by birth certificate. Brother and sister are attending school. He still lets his mother handle the money.

Inf'n from: *Self & mother*. Relation:....... Int'r: *None*. Inv'r: ———. This date: *Approve*.

Inf'n from: *Self & mother*. Relation: .... Int'r: *None*. Inv'r: ———. Date: *Approve, 8-5-14*.

Inf'n from: *Self & mother*. Relation: .... Int'r: *None*. Inv'r: ———. Date: *Approve, 1-20-15*.

Inf'n from: *Employee*. Relation: .... Int'r: *None*. Inv'r: ———. Date: *Approve, 10-20-15*.

Approved for Share in Div. Profits.

By *A. E.* Date: *1-12-14*. By *L. G. M.* Date: *8-7-14*. By *L. G. M.* Date: *1-23-14*. By *A. E.* Date: *10-23-15*.

Rate: *1-12-14, 62½*. Skill *34 C 2*. Rate; *8-7-14, 62½*. Skill *34 C 2*. Rate: *1-23-15, 65⅝*. Skill *38 C 3*. Rate: *10-23-15, 65⅝*. Skill *38 C 3*.

Each of the company's investigators devotes his entire time to this work. He is furnished with an interpreter and an automobile. It is his duty to learn all he can about the employees whom he is

requested to investigate. He finds out, as can be seen from the blanks here reproduced, what are the conditions in their homes, what recreations they indulge in, how much money they have saved, how much they owe, how much they send to their friends abroad, how many persons are dependent upon them, in fact, everything possible that might assist in determining whether the employee is to participate in the benefits of the plan. The following is a copy of an instruction sheet for the guidance of investigators employed by the company:

To Investigators.—The salient facts to ascertain about the three classes into which we have divided our men are noted below. Understand that the lack of positive information withholds all benefits from employees until all of the facts in each individual case have been ascertained.

Married Men.—We must have such information as will assure us through you that a man is married and is living with his wife. Use all the thought and ingenuity at your command to get this information positively. We also must know about the man's habits.

Single Men Over 22.—Granting the division of the profits to them is based entirely upon their being "proven" thrifty. We must know through you positively as to the conduct of employees outside of business, the extent of their indulgences that makes for good or bad manhood.

Single Men Under 22.—We want to ascertain positively whether or not these young men have anyone dependent upon them, and whom, and to what extent. Verify their ages positively. In case of conflict between the office records and the man's statements of his age, please give us your best judgment if you can not obtain tangible proof.

General.—Please throw into the investigation of each case a deep, personal interest and state as briefly and concisely as you can all of the facts and features necessary for a well-rounded judgment. The honesty of a man in making frank statements, and the home conditions particularly, are of vital importance. Get as much information as you can in each case to cover the points gone over in talks and outlines with you. Please remember that we want the exact truth on all phases of the situation rather than quick returns.

It must be noted, however, that of late the principal emphasis in these investigations is laid upon the question of thrift, the relative importance of all other conditions described in the foregoing sections having been greatly diminished on account of reasons stated elsewhere.

The judgment formed by the investigator, based upon the information and figures obtained, is presented in writing with a specific recommendation. Each case, after being reported upon by the investigator, goes before a committee of the education department, which passes a final judgment on the case, either approving or disapproving the recommendation.

As may be seen from the foregoing records, investigations are repeated in ordinary cases at regular intervals of about six months. In special instances more frequent investigations are made. The number of times that an employee may have been disapproved has no bearing whatever upon his ultimate approval for participation.

In every instance of disapproval the employee involved is informed of the reasons for such action and suggestions given as to how he may qualify. The same is true of cases approved and subsequently disapproved; if a reinvestigation shows that the causes for the previous disqualification have been removed the employee is put back on the participation roll.

EXTENT OF ACTUAL PARTICIPATION.

The rules governing the participation in the benefits of the plan are strictly applied; the rigidity of the application, however, depends to a very significant extent upon the character of the specific group of employees concerned. The company pays very little attention to the manner of life, etc., of their office employees. These are approved for participation upon only a cursory investigation of their respective records. It is the opinion of the company that the employees of the commercial and clerical occupations, who mostly are native Americans with some education, need not be told how to live decently and respectably. For this reason most of the rules and regulations as well as the results described in this section of the report concern chiefly the manual and mechanical workers, many of whom are of foreign birth and unable to speak the English language.

For convenience of discussion, the nonparticipating employees of the company may be classified into a "nonparticipating but eligible" group and a "nonparticipating because ineligible" group. The former embraces all the employees who for individual reasons have not received the benefits of the plan but remain eligible to receive them. The latter embraces all employees who, by the very nature of the plan, can not immediately or ever come under it inasmuch as the plan was designed to benefit only those employees who have worked six months or more directly for the company. This group includes all the newly-hired employees as well as people who are only nominally employees of the company—those engaged in building and construction, delivery and transportation work done by independent firms under contract with the company. It also includes employees too young to participate—under 21 years—and girls with no total dependents.

The following table shows the extent of participation for a period of 31 months, between April 10, 1914, and November 1, 1916:

TABLE 36.—NUMBER AND PER CENT OF PARTICIPATING AND NONPARTICIPATING EMPLOYEES (HOME PLANT) AT SPECIFIED DATES DURING 31 MONTHS ENDING NOV. 1, 1916.

Date.	Total employed.	Participating.		Nonparticipating—			
				But eligible.		Because ineligible.	
		Number.	Per cent.	Number.	Per cent.	Number.	Per cent.
Apr. 10, 1914	13,251	7,567	57.11	3,729	28.14	1,955	14.75
July 17, 1914	9,917	8,332	84.02	805	8.11	780	7.87
Sept. 25, 1914	12,123	10,039	82.81	683	5.63	1,401	11.65
Dec. 2, 1914	12,700	11,125	87.60	464	3.65	1,111	8.75
May 12, 1915	17,765	10,595	59.64	491	2.77	6,679	37.59
Nov. 17, 1915	21,808	16,225	74.40	439	2.01	5,144	23.59
July 20, 1916	34,490	22,156	64.24	418	1.21	11,916	34.55
Nov. 1, 1916	40,075	27,492	68.60	238	.59	12,345	30.80

On November 1, 1916—31 months after the inauguration of the plan—of a total average employed of 40,075, 27,492, or 68.60 per cent, were participating in the benefits of the plan. The 12,583 nonparticipating employees (31.39 per cent of all employees) were distributed as follows: "Nonparticipating, but eligible," 238, or 0.59 per cent, and "Nonparticipating because ineligible," 12,345, or 30.80 per cent.

The real extent of deliberate disqualification from participation for reasons stated elsewhere is shown in the column of the above given table entitled "Nonparticipating, but eligible." The percentage this group is of the total force has been on the decrease during the entire period, having declined from 28.14 per cent on April 10, 1914, to 2.77 cent on May 12, 1915. The investigation made July 20, 1916, 28 months after the plan was put into effect, showed that this group has been reduced to slightly over 1 per cent of the total employed. By November 1, 1916, the number of those deliberately disqualified from participation was further reduced—to 238, or slightly over one-half of one per cent of the total working force of the plant. The decrease in the percentage participating between December 2, 1914, and May 12, 1915, as shown in the table, is due largely to the influx of a great number of new employees, the working force of the company having been increased by over five thousand between December 2, 1914, and May 12,1915.

Table 37 shows in detail the relative status of one of the two groups and Table 38 the relative status of the other, on eight different dates during the first 31 months of the operation of the plan, as well as the causes for nonparticipation.

TABLE 37.—NUMBER AND PER CENT OF EMPLOYEES NOT PARTICIPATING BUT ELIGIBLE DURING 31 MONTHS ENDING NOV. 1, 1916, CLASSIFIED BY CAUSES.

Cause of disapproval.	Employees nonparticipating but eligible.							
	Apr. 10, 1914.		July 17, 1914.		Sept. 25, 1914.		Dec. 2, 1914.	
	Number.	Per cent.	Number.	Per cent.	Number.	Per cent.	Number.	Per cent.
Poor home conditions [1]	2,535	19.13	428	4.32	74	0.61	35	0.28
Lack of thrift [2]	798	6.02	189	1.91	240	1.98	153	1.20
No proof of age			134	1.35	327	2.70	234	1.84
Domestic trouble	209	1.58	40	.40	16	.13	14	.11
Liars	70	.53	14	.13	15	.12	19	.15
Bad habits					11	.09	9	.07
No proof of marriage								
Doubtful statement and miscellaneous	117	.88						
Total	3,729	28.14	805	8.11	683	5.63	464	3.65
	May 12, 1915.		Nov. 17, 1915.		July 20, 1916.		Nov. 1, 1916.	
Poor home conditions [1]	131	0.74	51	0.23	13	0.04	9	0.02
Lack of thrift [2]	228	1.28	206	.94	145	.42	87	.22
No proof of age	80	.45	97	.45	140	.40	61	.15
Domestic trouble			9	.04	46	.13	40	.10
Liars	26	.15	14	.06	34	.10	26	.06
Bad habits	14	.08	32	.15	27	.08	13	.03
No proof of marriage	10	.06	15	.07	4	.01		
Doubtful statement and miscellaneous	2	.01	15	.07	9	.03	2	.003
Total	491	2.77	439	2.01	418	1.21	238	.59

[1] The following is a statement of the company bearing on this point:

Home comforts and sanitation.—Employees should not sacrifice their family rights, pleasures, and comforts by filling the house with roomers and boarders, nor endanger their children's morals or welfare by allowing them to associate with people about whom they know little or nothing.

Employees should live in clean, well-conducted homes, in rooms that are well lighted and ventilated. Avoid the congested and slum parts of the city. The company will not approve, as profit sharers, men who herd themselves in overcrowded boarding houses which menace their health. Select a home where there are few boarders or roomers, the surroundings clean and wholesome, paying particular attention to the sanitary conditions in the house.

Do not occupy a room in which one other person sleeps, as the company is anxious to have its employees live comfortably and under conditions that make for cleanliness, good manhood, and good citizenship.

[2] The following is a statement of company bearing on this point:

Thrift.—Every employee participating in profit-sharing is expected to save some part of the profits allowed him. No hard and fast rule can be laid down or adopted in this particular, as responsibilities differ with different persons and families. For instance, an employee with a family of wife and six children can not be expected to save as much as one with only two or three children, or none.

The single man with no one dependent upon him is in a position to save all of his profits, and it is from this class that the company expects the greatest gain in savings to be made.

At the end of the first 31 months of the operation of the plan the percentage of "nonparticipating, but eligible" employees was reduced from 28.14 per cent to 0.59 per cent.

The two principal reasons for the existence of this group were "poor home conditions" and "lack of thrift," these two causes having been responsible for almost nine-tenths of the group. During the first 31 months of operation of the plan the percentage of employees disqualified on account of "poor home conditions" decreased from 19.13 per cent to less than one-fourth of 1 per cent; at the same time the proportion of disqualified because of lack of thrift decreased from 6.02 per cent to 0.22 per cent of the average total number employed.

TABLE 38.—NUMBER AND PER CENT OF EMPLOYEES NOT PARTICIPATING BECAUSE INELIGIBLE DURING 31 MONTHS ENDING NOV. 1, 1916, CLASSIFIED BY CAUSES.

Cause of ineligibility.	Employees nonparticipating because ineligible.							
	Apr. 10, 1914.		July 17, 1914.		Sept. 25, 1914.		Dec. 2, 1914.	
	Number.	Per cent.	Number.	Per cent.	Number.	Per cent.	Number.	Per cent.
Too young; no total dependents	1,955	14.75	600	6.05	850	7.01	623	4.91
Girls; no total dependents			180	1.82	296	2.44	285	2.24
Power and construction [1]					252	2.08	200	1.58
Men and teams [1]					3	.03	3	.02
New men	([2])		([2])		([2])		([2])	
Total	1,955	14.75	780	7.87	1,401	11.56	1,111	8.75
	May 12, 1915.		Nov. 17, 1915.		July 20, 1916.		Nov. 1, 1916.	
Too young; no total dependents	531	2.99	585	2.68	409	1.19	425	1.06
Girls; no total dependents	424	2.38	301	1.38	258	.75	45	.11
Power and construction [1]	450	2.53	757	3.47				
Men and teams [1]	4	.02					2	.005
New men	5,270	29.67	3,501	16.06	11,249	32.61	11,873	29.63
Total	6,679	37.59	5,144	23.59	11,916	34.55	12,345	30.80

[1] Construction employees and men on teams are employees of the company only indirectly, inasmuch as they are not hired by the company, but by contractors doing work for the firm.
[2] Not reported.

The relative size of the "Nonparticipating because ineligible" group of employees seems to have been in a constant flux during the first 31 months; in terms of a percentage of the total employed this group was as follows: April 10, 1914, 14.75; July 17, 1914, 7.87; Sept. 25, 1914, 11.56; December 2, 1914, 8.75; May 12, 1915, 37.59; November 17, 1915, 23.59; July 20, 1916, 34.55, and November 1, 1916, 30.80, the percentage on the last date being more than twice as large as that on the first date, in spite of the fact (shown in the table) that the percentage ineligible on account of being under 22 years of age had decreased from 14.75 to 1.06 per cent. The reason for the great increase of employees in this group can be gathered from the table, namely, the great increase in the total force of the factory during the period immediately preceding May 12, 1915, there appearing on that date a total of 5,270 new employees; that is, employees with a service record of less than six months and not eligible to participate.

Temporary disqualification from participation.

During the first 18 months of the operation of the plan a total of 1,293 employees were temporarily disqualified from participation in the benefits of the plan. Of this number, 853, or about two-thirds, have been restored to the participating roll within the same period. The following table shows the number and per cent of employees disqualified, classified by the causes for disqualification, as given by the company:

TABLE 39.—NUMBER AND PER CENT OF EMPLOYEES TEMPORARILY DISQUALIFIED FROM AND AFTERWARD RESTORED TO PARTICIPATION DURING 18 MONTHS ENDING JULY 12, 1915, BY CAUSES.

Cause of disqualification.	Employees who were—			
	Disqualified.		Afterwards restored.	
	Number.	Per cent of total.	Number.	Per cent of group.
1. Lack of thrift	532	41.1	344	64.7
2. Poor home conditions	255	19.7	188	73.7
3. No proof of age	152	11.8	132	86.8
4. Liar	92	7.1	53	57.6
5. Rehired	59	4.6	13	22.0
6. Money loaned on note without security	58	4.5	35	60.3
7. Bad habits	45	3.5	33	73.3
8. No proof of marriage	23	1.8	19	82.6
9. Living with women not their wives	19	1.5	10	52.6
10. Under 22 years; no total dependents	17	1.3	1	5.9
11. Hoarding money at home	13	1.0	11	84.6
12. Girls; no total dependents	13	1.0	3	23.1
13. Domestic troubles	4	.3	1	25.0
14. Stealing	3	.2	3	100.0
15. Money placed in private banks	2	.15	1	50.0
16. Keeping roomers	2	.15	2	100.0
17. Wife working	2	.15	2	100.0
18. Nonsupport and desertion	1	.08	1	100.0
19. Business outside of company	1	.08	1	100.0
Total	1,298	100.0	853	....

A few notes concerning some of the causes for disqualification as listed in the above table may be of some value as illustrating the attitude of the company on some of the problems involved in the administration of the plan. Thus, "3. No proof of age": This means that employees, if unmarried, must prove in a satisfactory way that they are over 22 in order to qualify for participation. "4. Liar": By this is meant an employee who has made misstatements to the investigator of the company with reference to age, number of dependents, conjugal condition, etc., in order to get the benefits of the plan. "5. Rehired": This means that with refernce to participcation a rehired employee is on the same basis as a newly hired one—disqualified from the benefits of the plan during the first six months of service. "6. Money loaned on note without security": It is the policy of the company to discourage indiscriminate loaning of money to irresponsible persons. "11. Hoarding money at home": The company is endeavoring to make employees keep their savings in regularly incorporated banking institutions instead of hoarding them at home or depositing them in the so-called private banks maintained by financially irresponsible countrymen of the employees. "14. Stealing": This refers to the stealing of material, tools, etc. This rule, however, is not in operation at the present time, as this offense, if not grave enough to cause discharge, is not considered a bar to participation. "19. Business outside of company": This means that no participating employee is permitted to have outside business in-

terests; in the opinion of the management a worker can not be efficient if he has outside work in addition to his work in the factory.

Over 60 per cent of all the temporary disqualifications from participation were due to two causes: (1) Lack of thrift on the part of the employees, and (2) poor home conditions—facts demonstrating, in the opinion of the company, that "the profits paid have been wrongly utilized." Sixty-four and seven-tenths per cent of all disqualified by reason of lack of thrift and 73.7 per cent of those disqualified on account of poor home conditions were put back on the participating rolls within 18 months, the period covered by the table, showing that the objectionable conditions responsible for the disqualification had wholly or to a great extent been removed.

The following table shows the relative proportions of participating and nonparticipating employees in the various plants of the company in the United States on January 12, 1915, one year after the inauguration of the plan:

TABLE 40.—NUMBER AND PER CENT OF EMPLOYEES PARTICIPATING ON JAN. 12 1915, BY PLANTS.

Location of plant.	Number of employees.			Per cent participating.	Location of plant.	Number of employees.			Per cent participating.
	Total.	Participating.	Nonparticipating.			Total.	Participating.	Nonparticipating.	
Indianapolis	274	67	207	24.5	Milwaukee	102	70	32	68.6
Cincinnati	250	64	186	25.6	Denver	252	175	77	69.4
Atlanta	219	67	152	30.6	Philadelphia	136	95	41	69.9
Memphis	152	58	94	38.2	Chicago	410	290	120	70.3
San Francisco	305	137	168	44.9	Buffalo	203	146	57	71.9
Columbus	184	84	100	45.7	Oklahoma City	71	53	18	74.6
Detroit (commercial branch)	618	288	330	46.6	Houston	139	104	35	74.8
Charlotte	57	27	30	47.4	Fargo	64	48	16	75.0
Louisville	70	36	34	51.4	Kansas City	496	391	105	78.8
Long Island City (N.Y.)	668	350	318	52.4	Cambridge	249	228	21	91.6
Minneapolis	394	208	186	52.8	St. Louis	173	161	12	93.1
Dallas	156	83	73	53.2	Pittsburgh	203	198	5	97.5
Omaha	138	79	59	57.2	Detroit (manufacturing plant)	14,255	10,229	4,026	71.7
Portland	178	109	69	61.2	Detroit (office)	792	772	20	97.5
Seattle	218	140	78	64.2					
Cleveland	141	95	46	67.4	Total	21,923	15,095	6,828	[1] 68.9
Los Angeles	356	243	113	68.3					

[1] August 31, 1916, the proportion participating rose to 73.5 per cent of the total number employed.

The highest proportions of participants were found in the plants of the company located in Detroit (office), Pittsburgh, St. Louis, and Cambridge, Mass., the specific percentages that participated in the distributed profits in these plants having been 97.5, 97.5, 93.1, and 91.6, respectively. These high proportions of participants, as compared with the other plants of the company, is to be attributed to the fact that the plants located in the above given cities have been in operation longer than any of the others and that, therefore,' their relative growth has not been as rapid. Such a condition naturally leads

to a high proportion of participants in view of the fact that the largest single cause for nonparticipation, as shown in Table 38 and in the following table, is the presence of new employees, six months of continuous service being prerequisite for participation. The same reason is to be given for the relatively low proportions of participants in the factories of the company located in Indianapolis (24.5 per cent), Cincinnati (25.6 per cent), and Atlanta (30.6 per cent)—the lowest in the entire organization. The following table shows that in Indianapolis 94 per cent, in Cincinnati 96 per cent, and in Atlanta 95 per cent of the total nonparticipating employees were still new—that is, with a period of service less than six months.

TABLE 41.—PER CENT OF NONPARTICIPATING EMPLOYEES, CLASSIFIED BY CAUSES JAN. 12, 1915, BY LOCATION OF PLANT.

[All employees except those of home office.]

Location of plant.	Per cent of nonparticipating employees, by cause.					
	New employees.	Single under 22.	Home conditions.	Lack of thrift.	No proof of marriage.	Miscellaneous.
Indianapolis	94	6				
Cincinnati	96	4				
Atlanta	95	4				1
Memphis	87	5	1	3		4
San Francisco	75	21				4
Columbus	91	6		2		1
Detroit (branch)	97	2		.5		.5
Charlotte	93	7				
Louisville	88	12				
Long Island City	79	19				2
Minneapolis	87	12		1		
Dallas	93	5		2		
Omaha	92	8				
Portland	65	33		2		
Seattle	90					10
Cleveland	86	11		3		
Los Angeles	75	22				3
Milwaukee	72	28				
Denver	79	19				2
Philadelphia	68	32				
Chicago	77	20		1		2
Buffalo	88	8	4			
Oklahoma City	89			11		
Houston	86	11				3
Fargo	69	31				
Kansas City	96	4				
Cambridge	85	5	5	5		
St. Louis		50	34	8		8
Pittsburgh			40	20	20	20
Detroit (plant)	73	15	6	3		3

The places of location of the various plants of the company shown in the preceding table are arranged approximately according to the date of their establishment—the Indianapolis plant being one of the newest extensions of the activities of the company, and the Detroit plant the oldest in point of existence.

The table brings out two interesting facts which throw considerable light on the general nature and workings of the plan: First, that the *principal reasons* for nonparticipation are (a) the presence of new *employees with a* service period of less than six months (the minimum

required for participation) due to the constantly and rapidly increasing number of employees throughout the year and (b) employees under the age of 22, not entitled to participate except under special circumstances, namely, when they are the sole support of their families. Second, the older the plant the smaller its relative growth and the number newly hired, and consequently the smaller the number of nonparticipants in the benefits of the plan.

DISPOSITION OF FORFEITURES.

As originally announced the plan contained no specific provision with reference to the disposition of the shares of those employees who for some reason were temporarily disqualified from participation. As the specific amount that was to be distributed under the plan was not and is not now fixed—depending wholly upon the rates of wages and earnings of the employees—such forfeited shares automatically reverted to the treasury of the company.

A new rule dealing with this feature of the plan was promulgated by the company on August 1, 1915. Under this rule temporarily disqualified employees are given the opportunity to recover the forfeited shares in whole or in part, depending upon the length of time that it takes them to eliminate the objectionable features that were the cause of their disqualification. Under this rule employees may recover forfeited shares in the following proportions:

If an employee requalifies within one month he recovers 100 per cent of the forfeiture; if within two months, 75 per cent; if within three months, 60 per cent; if within four months, 40 per cent; and if within five months, he recovers 25 per cent of the forfeiture.

If an employee does not succeed in requalifying after six months his presence in the organization is considered undesirable and he is therefore automatically discharged. All the forfeited moneys revert to a special charity fund, to be used by the management for any charitable purpose it may deem advisable. Out of this fund the company pays $10,000 per annum to a tuberculosis sanitarium, for the maintenance of beds and treatment.

BENEFITS ACCRUING TO EMPLOYEES AS SHOWN BY THEIR DAILY EARNINGS.

In connnection with the information presented below, it must be noted that the entire organization of this company is operated on a daywork basis. There is no piecework or any other individual efficiency bonus scheme in existence.

An analysis of the actual daily earnings of the 49,870 employees of this company made on August 31, 1916, showed that 35,250, or 70.68 per cent, were earning $5 and over per day and 14,620, or 29.32 per cent were earning under $5. The proportion that received less than $5 per day corresponded very closely to the proportion of employees

not yet under the benefits of the plan—mostly new men who have been in the service of the company less than six months.

The following two tables give the detailed figures for the employees of the entire home plant, and for all the branch plants of the company, respectively:

TABLE 42.—NUMBER AND PER CENT OF FACTORY AND OFFICE EMPLOYEES WHO RECEIVED EACH CLASSIFIED WAGE PER 8-HOUR DAY, AUG. 31, 1916.

HOME PLANT.

Classified wage per 8-hour day.	Factory.		Office.		Total.	
	Number.	Per cent.	Number.	Per cent.	Number.	Per cent.
Under $5	9,555	27.71	338	32.88	9,893	27.86
$5 to $5.99	23,157	67.14	428	41.63	23,585	66.40
$6 to $6.99	1,367	3.96	112	10.90	1,479	4.16
$7 and over	410	1.19	150	14.59	560	1.58
Total	34,489	100.00	1,028	100.00	35,517	100.00

Over 72 per cent of the factory employees, and a slightly smaller per cent of the office employees, were receiving $5 or more per day. The somewhat smaller proportion of office employees receiving $5 or more per day is to be accounted for by the fact that the office group contains a considerable number of boys, under 21, messengers, errand boys, etc, employees not old enough to reach the $5 scale.

The 9,555 factory employees who are classified as earning under $5 per day received the following daily rates:

$2.08 to $2.72	7,941
$2.73 to $3.99	1,459
$4 to $4.99	155

In view of the fact that on October 10, 1916, the minimum rate per hour for factory employees was raised to 43 cents, the bulk of this group—98 per cent—at the present time earn $3.44 per day.

For the home plant as a whole, the proportion receiving $5 or more per day is over 72 per cent.

Table 43 gives the daily earnings of employees in the service of 74 branch plants of the company located all over the United States.

TABLE 43.—NUMBER AND PER CENT OF EMPLOYEES WHO RECEIVED EACH CLASSIFIED WAGE PER 8-HOUR DAY, AUG. 31, 1916.

74 BRANCH PLANTS.

Classified wage per 8-hour day (in dollars).	Number.	Per cent.
Under $5	4,727	32.94
$5 to $5.99	8,657	60.31
$6 to $6.99	180	1.25
$7 and over	789	5.50
Total	14,353	100.00

Slightly over 67 per cent of all the employees of the 74 branch plants were receiving $5 or more day. The 4,727 employees who are classified as earning under $5 per day were receiving the following daily rates:

Under $2	4
$2 and under $3	4,216
$3 and under $4	426
$4 and under $5	81

COST OF THE PLAN AND ITS BENEFITS TO THE COMPANY.

During the first year of the operation of the plan an average of 69.7 per cent of all employed participated in its benefits.[1] The amount distributed as "profits" during the same year was $8,434,849, on a regular pay roll of $14,021,067, an increase in the labor cost of 60.2 per cent.[2]

The management is of the opinion that the operation of the plan has resulted in numerous benefits to the company, chiefly in increased individual and collective efficiency, development of good will and of an esprit de corps; but, particularly, in stabilizing the working force of the plant, which prior to the introduction of the plan was in a constant state of flux. In support of the latter contention the management presents the following figures showing average number employed, numbers discharged, leaving voluntarily and laid off, before and after the adoption of the plan, by years:

TABLE 44.—NUMBER LEAVING EMPLOY OF COMPANY FOR EACH SPECIFIED CAUSE, BY YEARS, 1913 TO 1915.

Year.	Average number employed.	Number discharged.	Number leaving voluntarily.	Number laid off.	Total leaving.
1913	13,623	8,490	39,575	2,383	50,448
1914	12,115	926	5,199	383	6,508
1915	18,028	27	2,871	23	2,931
Jan.-June, 1916	27,490	1	3,592	....	3,593

An examination of these figures shows that while the number employed in 1915 was almost one and one-half times as large as in 1913, the number discharged and the number leaving voluntarily in 1913 were 314 and 14 times as large, respectively. From the figures may be derived the following percentages of annual turnover: 1913, 370 per cent; 1914, 54 per cent; 1915, 16 per cent, a reduction of more than 90 per cent in the annual turnover in 1915, two years after the plan was put into operation, as compared with 1913, one year before the plan was announced.

Figures were compiled by the management for the purpose of comparing the turnover percentage of the first six months of 1913 with that of the last six months of 1915—two and one-half years later. A detailed analysis of those figures shows that during the average month of the earlier period 47 per cent of the men left the employ of the company, while during the latter period less than 1 per cent per

[1] On August 31, 1916, of 49,870 employed, 36,626, or 73.5 per cent, were participating.
[2] This amount does not include bonuses paid to salaried employees, class 1, as per page 96 of this report.

month left the employ of the company. To augment its force for the year by 100 men, the company had to hire 124 men (on the basis of the 1915 record), while during the first six months of 1913 not less than 963 men would have been needed to augment the force by 100. "In other words," concludes the statement of the company, "we have to hire only one-eighth as many men to make the same increase."

That the plan, with its introduction of the 8-hour day,[1] did contribute materially toward increasing the individual and collective efficiency of the organization is the unanimous testimony of all of the officials of the company. Such increases in efficiency, they say, may be inferred from the following decreases in the time required for the production of specific units of the product manufactured, as well as in the significant increases in the per capita output of specific departments, also in the more careful attendance to duties as shown by the large decrease in accidents and in the punctuality in reporting to work.

Foremen and heads of departments, say officials of this company, insist on the correctness of the claim that the large increases in production described below, while made possible by constant improvements in methods and machinery, were due very largely to the increases in wages as well as the introduction of the 8-hour day. These changes, they say, have resulted in the creation of an unusual amount of good will and in the reduction of the turnover of the working force, thus enabling the company to retain the most experienced and efficient employees. In this respect the following table is suggestive:

INCREASED PRODUCTION ATTRIBUTED BY THE COMPANY OFFICIALS CHIEFLY TO THE PROFIT-SHARING PLAN.

Department.	Record prior to operation of plan.	Record of Dec. 31, 1914.
Motor	6,125 motors in 9-hour day	7,200 motors in 8-hour day (same number of men).
Cylinder timing of machining	83 minutes	50 minutes.
Assembling radiator cores	750 in 9-hour day	1,380 in 8-hour day (same number of men).
Complete radiator assembly	2¼ radiators per man in 9-hour day.	4 radiators per man in 8-hour day.
Fender	38 fenders per man in 9-hour day.	50 fenders per man in 8-hour day.
Paint shop	Formerly required services of 230 men.	Doing same amount of work with 130 men.
Gasoline tanks	800 tanks by 65 men in 9-hour day.	1,200 tanks by 60 men in 8-hour day.
Miscellaneous:		
Grinding taper end of drive shaft; number per hour.	18	25.
Milling cam back, cam shaft; number per hour.	13	17.
Milling cam face, cam shaft; number per hour.	12	14.
Grinding center bearing, cam shaft; number per hour.	30	44.
Grinding cams; number per hour	5	6.
Final assembly; average time per car.	2 hours 37 minutes	1 hour 30 minutes.
General	16,000 men on 10-hour day basis made and shipped 16,000 cars per month. Average number of man-hours per car per month: 10 (Feb., 1913).	15,800 men on 8-hour day basis made and shipped 26,000 cars per month. Average number of man-hours per car per month: 4.8 (Feb., 1914).

[1] The hours of labor per day in this establishment have been reduced as follows: October, 1913, from 10 to 9; January, 1914, from 9 to 8.

During the first year's operation of the plan, in spite of the somewhat increased number of employees, as compared with the immediately preceding year, the number of employees receiving compensation for accident decreased by 68 per cent, the total of reported accidents by 54 per cent, and the proportion of employees losing over one day's time on account of injury by 29 per cent. During the same period the average proportion of daily absentees was reduced from 10.5 per cent to 0.4 per cent.

CHANGES IN ECONOMIC AND SOCIAL CONDITIONS ATTRIBUTABLE TO THE PLAN.

The changes in the economic and social conditions of the employees of this company briefly described in the following paragraphs are to be attributed, it is believed, to the inauguration and operation of the plan for two principal reasons: (1) The unusually large increases in the earnings of the employees, thus making economic improvements on an extensive scale possible; (2) the general but close supervision maintained by the company over the expenditures of its employees (elsewhere described), thus making a thrifty management of incomes, better homes, decent and harmonious family life, and a wise use of leisure the principal requisites for participation in the benefits of the plan. The relatively large financial reward offered by the plan for complying with specified conditions of life and the financial loss incidental to a failure to comply with them, seem to have furnished a powerful incentive for better neighborhood conditions, more comfortable and up-to-date homes, larger savings accounts, and more numerous insurance policies.

The analysis presented below is based upon the records of the annual summaries compiled by the education department of the company. The thorough character of the investigations upon which these summaries are based has been described in detail on pages 97 to 106. The figures thus obtained may be considered as reliable and accurate by reason of the fact that the statements of fact as furnished by the employees concerned or their relatives are carefully verified by the investigators of the company through other and impartial sources, viz, bank books, land contracts, receipts, marriage certificates, etc.

The table following presents a summary of the status of the financial, neighborhood, and other conditions of the employees of the company on the date of the inauguration of the plan, January 12, 1914, and on January 12, 1915, one year after the plan had been put into effect.

TABLE 45.—ECONOMIC, CONJUGAL, HOME, AND NEIGHBORHOOD CONDITIONS OF EMPLOYEES ON JAN. 12, 1914, AND JAN. 12, 1915.

Conditions.	Per cent of total employees investigated on—		Per cent of increase (+) or decrease (−).
	Jan. 12, 1914.	Jan. 12, 1915.	
Economic:			
Having bank accounts	44.31	66.04	+ 49.0
Owning homes	2.75	5.08	+ 84.7
Owning lots	.85	1.40	+ 64.7
Buying homes	9.48	22.03	+132.4
Buying lots	5.13	9.69	+ 88.9
Having life insurance	19.41	43.47	+124.0
Conjugal:			
Married	58.88	76.26	+ 29.5
Single	40.01	21.93	− 45.2
Naturalized	33.95	44.56	+ 31.2
Speaking English	64.49	76.22	+ 18.2
Home conditions:			
Good	46.77	69.53	+ 48.7
Fair	30.42	27.60	− 9.3
Poor	22.81	2.87	− 87.4
Neighborhood conditions:			
Good	41.43	66.22	+ 59.1
Fair	39.50	31.64	− 19.9
Poor	19.07	2.14	− 88.8

The figures above presented show that the percentage of employees buying homes increased 132.4 per cent, of those having life insurance 124 per cent, and of those buying lots and owning homes 88.9 and 84.7 per cent, respectively. Increases of about 50 per cent and over took place in the percentages of those having bank accounts and owning lots. The percentage increase in the proportion of employees living in homes rated as good was 48.7 per cent and was accompanied by a decrease in those living in fair homes of 9.3 per cent and by a great decrease—over 87 per cent—in those living in homes rated as poor. A similar change occurred in the neighborhood conditions of the employees. The proportion of those living in neighborhoods rated as good increased over 59 per cent and was accompanied by considerable decreases in those living in neighborhoods rated as only fair or poor.

The increase in the proportion of married employees during the same year was 29.5 per cent and was, as would naturally be expected, accompanied by a decrease in the number of those that were single. The proportion of naturalized employees increased 31.2 per cent and of those able to speak the English language over 18 per cent. Similarly, striking improvements were shown by an investigation made January 12, 1916.

The following two tables present detailed figures showing the amounts of money and property owned at the end of the first year's operation of the plan, as compared with similar figures obtained immediately upon the inauguration of the plan:

TABLE 46.—RESULTS OF OPERATION OF THE PLAN DURING THE FIRST YEAR OF ITS EXISTENCE (JAN. 12, 1914, TO JAN. 12, 1915), AS SHOWN BY BANK DEPOSITS, LIFE INSURANCE, VALUE OF HOMES AND LOTS OWNED AND AMOUNT PAID ON THEM, ETC., FOR ALL EMPLOYEES—HOME PLANT.

Item.	Total amounts for all employees on—		Gain.	
	Jan. 12, 1914.	Jan. 12, 1915.	Amount.	Per cent.
In banks	$996,418.00	$3,046,301.00	$2,049,883.00	205
Life insurance	2,471,663.00	6,493,709.00	4,022,046.00	163
Homes owned	468,230.00	933,524.00	465,294.00	99
Lots owned	67,160.00	94,136.00	26,976.00	40
Homes on contract, value of	3,282,331.00	8,867,159.00	5,584,828.00	170
Lots on contract, value of	413,854.00	999,327.00	585,473.00	141
Homes on contract, amount paid	1,111,258.00	3,237,864.00	2,126,606.00	191
Lots on contract, amount paid	100,757.00	276,722.00	175,965.00	175
Rent, paid monthly	58,576.53	114,464.19	55,887.66	95
Rent, paid weekly	1,218.56	2,342.56	1,124.00	92
Board, paid monthly	86,171.50	40,103.50	[1] 46,068.00	[1] 53
Board, paid weekly	12,906.82	10,450.76	[1] 2,456.06	[1] 19

[1] Loss.

In considering the figures presented in this table it should be understood that the first investigation covered 13,251 employees, while the second covered 14,255, 6,636 of whom were hired after June 12, 1914, and 3,531 of whom were still ineligible for participation in the benefit of the plan when the second investigation was made.

From the table it may readily be seen that the total amount of the employees' bank deposits increased over 200 per cent, amounts paid in by them on homes 191 per cent, amounts paid in on lots 175 per cent, total value of homes on contract 170 per cent, and the collective value of their life insurance 163 per cent. The value of lots owned by them on contract increased over 140 per cent, and the total value of homes owned by them almost doubled. The total amounts paid out for monthly and weekly board have decreased 53 and 19 per cent, respectively, by reason of the fact, already referred to, that the proportion of boarders decreased because of the increase in the proportion of married employees. In connection with this table it must be noted that the average number employed during the same period increased less than one-fourth.

In connection with the decrease shown in the total amounts paid out for board it is interesting to note the fact (shown in the following table) that the monthly and weekly expenditures for board, per individual, have increased 16.7 and 6.9 per cent, respectively.

The table following shows the status of the economic and social conditions of the individual employee on January 2, 1915, one year after the introduction of the plan, per employee.

TABLE 47.—RESULTS OF OPERATION OF THE PLAN DURING THE FIRST TWO YEARS OF ITS EXISTENCE (JAN. 12, 1914, TO JAN. 12, 1916), AS SHOWN BY BANK DEPOSITS, LIFE INSURANCE, VALUE OF HOMES AND LOTS OWNED AND AMOUNT PAID ON THEM, ETC., PER EMPLOYEE—HOME PLANT.

Item.	Average per employee on—		Gain.	
	Jan. 12, 1914.	Jan. 12, 1916.	Amount.	Per cent.
In banks	$75.20	$203.62	$128.42	170.77
Life insurance	186.53	505.66	319.13	171.09
Homes owned	35.33	98.68	63.35	179.31
Lots owned	5.07	20.97	15.90	313.61
Homes on contract, value of	247.70	743.25	495.55	200.06
Homes on contract, amount paid	83.86	267.61	183.75	219.12
Lots on contract, value of	31.23	95.55	64.32	205.96
Lots on contract, amount paid	7.60	26.45	18.85	248.03
Rent, paid monthly	14.91	16.60	1.69	11.33
Rent, paid weekly	2.99	3.02	.03	1.00
Board, paid monthly	19.40	23.09	3.69	19.02
Board, paid weekly	5.72	5.80	.08	1.40
Deposited in savings accounts and invested in homes and lots	207.06	617.33	410.27	198.15

The per capita amount of lots owned increased over 300 per cent. Similarly, striking improvements—gains of about 200 per cent—are shown in the per capita values of homes and lots on contracts, amounts paid on homes and lots, and deposits in savings accounts. The per capita amounts paid out in life insurance as well as in value of homes owned increased over 170 per cent. The per capita amount of monthly board increased slightly over 19 per cent.

The following table shows in detail the changes in the home and neighborhood conditions of the employees at the home plant by number and per cent of homes and neighborhoods classified as "good," "fair," and "poor" on January 12, 1914, 1915, and 1916:

TABLE 48.—HOME AND NEIGHBORHOOD CONDITIONS OF EMPLOYEES ON JAN. 12, 1914, 1915, AND 1916.

Conditions.	Homes of employees investigated and reported on—					
	Jan. 12, 1914.		Jan. 12, 1915.		Jan. 12, 1916.	
	Number.	Per cent.	Number.	Per cent.	Number.	Per cent.
Home conditions:						
Good	6,091	46.77	9,911	69.53	25,514	87.04
Fair	3,961	30.42	3,934	27.60	3,312	11.30
Poor	2,971	22.81	410	2.87	488	1.66
Total	13,023	100.00	14,255	100.00	29,314	100.00
Neighborhood conditions:						
Good	5,370	41.43	9,440	66.22	23,697	80.84
Fair	5,119	39.50	4,510	31.64	5,328	18.18
Poor	2,471	19.07	305	2.14	289	.98
Total	12,960	100.00	14,255	100.00	29,314	100.00

As compared with the status of home conditions at the beginning of the year in question, January 12, 1914, the proportion of homes rated as "good" increased from 46.77 per cent to 87.04 at the end of the second year. A somewhat similar change for the better was found at the end of the second year in the neighborhood conditions of the employees. The proportion of homes and neighborhoods classified as "poor" greatly decreased (from 22.81 and 19.07 to 1.66 and 0.98 per cent, respectively) during the same period.

Immediately after the beginning of the plan in 1914 especial attention was paid by the department of education of the company (at that time the sociological department) to the neighborhood and home conditions, family life, general habits, thrift, etc., of the employees participating or about to participate. Aside from the general changes in the social and economic conditions of the employees during the first year of the operation of the plan, described elsewhere, special reference must be made to thrift, which during the first year resulted in the total saving of $4,844,724, as per the following statement:

Amount of "profits" accounted for by employees between Jan. 12, 1914, and Jan. 12, 1915, showing actual savings effected by them.

Amount in banks	$2,049,883
Value of homes	465,294
Value of lots	26,976
Amount paid on homes on contract	2,126,606
Amount paid on lots on contract	175,965
Total	4,844,724

This sum does not include increase in amounts paid out in premiums on life insurance policies, a figure difficult to arrive at.

Roughly speaking, of the total of "profits" of slightly over $8,000,000 paid out during the first year, almost $5,000,000, or about two-thirds, was stored up by the employees for old age, disability, and general emergencies.

Beginning with the second year of the operation of the plan, the sequence of emphasis laid by the educational department as shown above, namely, home and neighborhood conditions, family life, general habits, thrift has been reversed, and thrift is receiving at the present time the largest attention. This change of emphasis was not due to any change in the policies of the company—good home conditions and thrift still being, in equal degrees, prerequisite for participation—but to the general improvement in the social and economic conditions of the employees which has already taken place as a result of increased earnings and the educational work of the company. These two factors

reduced greatly the proportion of employees in need of advice as to home conditions, increasing proportionately the need of advice in matters of thrift and the development of what the company calls "constructive life."

Thus, at the present time (November, 1916), aside from having to comply with a simple general standard of life, home conditions, etc., as described elsewhere, participants are, in addition, required to account for the "profits" given to them. This accounting must be in the form of savings of some sort or other, no specific form being urged.

The amount of "profits" saved thus during the first two years of the operation of the plan is shown in the following table:

Amount of "Profits" accounted for by the employees between Jan. 12, 1914, and Jan. 12 1916, showing actual saving effected by them.

Amount in banks	$4,972,518
Value of homes	2,424,437
Value of lots	547,630
Amount paid on homes on contract	6,733,356
Amount paid on lots on contract	674,696
Total	15,352,637

This sum does not include amounts paid out in premiums on life-insurance policies, a figure difficult to arrive at.

On January 12, 1916, the savings effected by employees of the company accounted for $15,532,637, more than three-fourths of the total amount paid out to them in "profits" during the two years. This, in the opinion of the company, is a gratifying showing of thrift.

PLAN NO. 3.

GENERAL NATURE OF PLAN.

This plan consists of three separate and distinct parts and provides for:

1. Bonuses to employees especially selected for their meritorious service, in the form of shares of stock in a building and loan association organized under the laws of the State of Pennsylvania—in operation since about 1885.

2. Bonuses to all employees engaged in manufacturing occupations who have a satisfactory record of service of one continuous year preceding the distribution date, in the form of an annual cash payment of from 5 to 20 per cent of earnings—in operation since 1898.

3. Bonuses to selected employees in the form of common stock of the company at par, same to be paid for by the accruing dividends—in operation since 1903.

In 1914 a total of 3,207 employees, or 66 per cent of the total number employed, benefited by one or more of the provisions of the plan.

The following table shows the number and per cent of employees thus benefited:

TABLE 49.—NUMBER AND PER CENT OF EMPLOYEES PARTICIPATING IN EACH CLASS OF BONUS IN 1914.

Class.		Employees participating.	
		Number.	Per cent.
One bonus:			
Cash	2,301		
Common stock	59		
Building and loan stock	161		
		2,521	78.6
Two bonuses:			
Cash and common stock	129		
Cash and building and loan stock	151		
Common stock and building and loan stock	169		
		449	14.0
Three bonuses		237	7.4
Total		3,207	100.0

Of all the employees benefiting by the three provisions 2,521, or 78.6 per cent, participated in one of the bonuses, receiving either cash or stock; 449, or 14 per cent, in two; and 237, or 7.4 per cent, in all of the bonuses.

The following table shows, by nature of the bonuses paid, the distribution of participating employees by occupation groups:

TABLE 50.—PER CENT OF PARTICIPATING EMPLOYEES RECEIVING EACH KIND OF BONUS IN 1914, BY OCCUPATION GROUPS.

Occupation group.	Per cent of participating employees whose bonuses are in the form of—		
	Cash.	Common stock of company.	Building and loan stock.
Executive	....	15.8	15.0
Clerical	....	4.7	5.6
Manufacturing	100.0	79.5	79.4

Over 79 per cent of the total employees participating in each of the classified bonuses were engaged in so-called manufacturing occupations, i. e., were concerned with the actual processes of manufacturing.

No clerical employees participated in the cash bonus, but 4.7 and 5.6 per cent of those sharing in the stock distribution, common and building and loan, respectively, were found in clerical occupations. The percentages of participating employees belonging to executive occupations were 15.8 per cent under the common-stock and 15 per cent under the building and loan stock phases of the plan.

DISTRIBUTION OF BUILDING AND LOAN ASSOCIATION STOCK.

Aside from common-stock distribution, described below, the company awards to worthy employees, irrespective of occupations, at the discretion of the president and upon recommendation of heads of departments, shares of stock, varying from two to five, in a building and loan association of Philadelphia, incorporated under the laws of the State of Pennsylvania. Such an allotment implies that the company obligates itself to make payments for the employee until the stock is fully paid for, and money thus accumulated becomes available for home-building purposes of the employee. Payments for such stock are made by the company at the rate of $1 per month per share until the maturity value of $200 is reached.

The following table shows the annual distribution of building and loan stock among employees up to and since 1910:

TABLE 51.—DISTRIBUTION OF BUILDING AND LOAN ASSOCIATION STOCK, 1910 TO 1914, BY YEARS.

Years.	Total employees eligible.	Employees holding building and loan stock.		Total shares held.	Cost to company per year.
		Number.	Per cent.		
1910 and before	5,294	494	9.3	2,787	$33,444
1911	5,454	545	10.0	3,012	36,144
1912	4,950	617	12.5	3,377	40,524
1913	5,189	690	13.3	3,754	45,048
1914	4,850	708	14.6	3,901	46,812

On December 31, 1914, 708 employees, or 14.6 per cent of the total employed, were holders of 3,901 shares of building and loan stock, with a cost to the company for the year 1914 alone of $46,812.

The following table shows the distribution of employee holders of building and loan stock by occupation groups:

TABLE 52.—NUMBER AND PER CENT IN EACH OCCUPATION GROUP OF EMPLOYEES HAVING BUILDING AND LOAN STOCK.

Occupation group.	Number.	Per cent.
Executive	106	15.0
Clerical	40	5.6
Manufacturing	562	79.4

DISTRIBUTION OF CASH BONUSES.

This part of the plan, in operation since 1898, involves the payment of annual bonuses in cash, in terms of specified percentages of earnings, to all manufacturing employees of the company with a record of a continuous service of one year preceding the date of dis-

tribution. Foremen are excluded from these benefits. The percentage of annual earnings paid to individual employees depends upon the department in which they are employed, the range of variation in the scale being from 5, the lowest, to 20, the highest.

During the year ending December 31, 1914, of a total of 4,850 eligible employees, 2,818, or 58.1 per cent, received bonuses varying from 5 to 20 per cent of their respective annual earnings. The following are the numbers and percentages (of the total employees participating) that received classified percentage bonuses.

TABLE 53.—NUMBER AND PER CENT OF PARTICIPANTS RECEIVING EACH SPECIFIED PER CENT OF EARNINGS AS BONUS.

Percentage bonus.	Number.	Per cent.
20	1,162	41.2
10	359	12.7
7.5	270	9.6
5	1,027	36.5
Total	2,818	100.0

An examination of these figures shows that 53.9 per cent of the total employees participating received 10 per cent or more on their annual earnings and 46.1 per cent received under 10 per cent.

DISTRIBUTION OF COMMON STOCK.

The stockholders of this company at a special meeting held November 12, 1902, passed a resolution placing 5,000 shares of the common capital stock of the company at the disposal of the president and the board of directors of the company "to be used by them for distribution at not less than par among the company's employees, irrespective of occupations or type of employment" as a reward for meritorious service.

Originally the maximum number of shares to be allotted to any one employee was fixed by the board at 5; during recent years, however, in view of the greatly increased market value of the stock, the maximum allotted has been reduced to 3 shares.[1]

Employees receiving allotments of common stock make no payments on the stock, as it pays for itself by its dividends. When it becomes fully paid for, dividends to the holders are paid in cash. Shares of stock allotted under the plan do not become the sole property of the holder until 15 years after allotment.

The table following shows the number and per cent of employees holding allotted common stock December 31, 1914, by occupation groups.

[1] The common stock of the company, par value $100, sells at the present time at about $360. The average annual dividend paid on it during the period of existence of the plan, 1903 to 1914, was slightly over 30 per cent.

TABLE 54.—NUMBER AND PER CENT IN EACH OCCUPATION GROUP OF EMPLOYEES HOLDING COMMON STOCK OF THE COMPANY.

Occupation group.	Number.	Per cent.
Executive	94	15.8
Clerical	28	4.7
Manufacturing	473	79.5
Total	595	100.0

A total of 595 employees (12.3 per cent of the number of eligible employees in 1914) held 3,389 shares of common stock, the respective percentages of the total employees holding classified number of shares having been as follows: 3 shares each, 303 employees, or 59.2 per cent; 5 shares each, 247 employees, or 41.5 per cent; 10 shares each, 23 employees, or 3.7 per cent; over 10 shares each, 22 employees, or 3.6 per cent.

BENEFITS OF THE PLAN TO THE COMPANY.

In a general way, one of the principal objects sought by the introduction of the plan, it was stated, was to stabilize as much as possible the working organization of the company. The managing officials believe that a high percentage of labor turnover is expensive, inasmuch as it prevents improvement in the quality of the product manufactured and increases the cost of maintaining the working organization.

That a stable working force has, to a considerable degree, been attained may be inferred from two facts: First, a relatively low percentage of labor turnover in the manufacturing force of the company, as shown in the table presented below; second, a relatively small number of employees who are beneficiaries under the common-stock distribution plan have forfeited their stock by either voluntary leave or discharge.

TABLE 55.—PER CENT OF TURNOVER IN THE MANUFACTURING FORCE OF THE COMPANY, 1910 TO 1914, BY YEARS.

Year.	Per cent.
1910	30.3
1911	28.7
1912	20.8
1913	31.9
1914	16.2
Average for five-year period.	25.6

As will be shown in a study on the turnover of labor in different industries to be issued in the near future by this bureau, a percentage turnover of 25.6, as shown above, is very moderate. This phenomenon, so important from the point of view of the quality of the product turned out and the expense of maintaining the organiza-tion, is attributable, in a considerable degree, it was stated, to the ation of the various bonus plans described above.

The following is the text of an agreement signed by employees to whom common stock is allotted:

This agreement, made this —— day of ——— 191 , between ——— Co. (hereinafter called company), of the first part, and ——— (hereinafter called employee), of the second part.

Whereas the stockholders of company at the special meeting held on the 12th day of November, 1902, passed a resolution placing 5,000 shares of proposed issue of common capital stock at the disposal of the president and board of directors, to be used by them for distribution at not less than par among the company's employees, to be allotted and issued upon the terms, conditions, and stipulations, to be fixed by said president and board of directors;

And whereas directors have been advised that the shares can not be actually issued saving upon terms of payment therefor in cash, but, being desirous to give substantially to employees the benefit of said stockholders' resolution to such extent as the same is legal, have decided to enter into this agreement with employee—one of others selected by them, said employee having been long in the employ of company, and having heretofore rendered faithful services to the same.

Now this indenture witnesseth that company and employee do agree to and with each other as follows:

1. Company will appropriate for the purposes of this agreement out of the said proposed new issue of its capital stock, for the benefit of employee, upon the terms, conditions, and restrictions of this agreement, ——— shares of its common capital stock, each share being of the par value of $100. These shares thus appropriated will not be disposed of otherwise than in accordance with this agreement. An employee, in said shares, shall have such rights as by this agreement are accorded to him.

These shares thus set apart shall not be deliverable, saving upon the conditions of this contract, and employee shall have no interest whatever therein saving that herein and hereby conferred.

2. As compensation for employee's services during such time as he shall continue in the employment of the company, there shall be paid to him, in addition to what shall be due to him in the ordinary way, an additional amount which shall be allotted to the trustees hereinafter provided for in each and every year, commencing from the —— day of ——— 191 . This amount in each year shall be a sum equal to the difference between five per centum of the par value of such of said allotted shares as shall not have been delivered to trustees under the terms hereof, and an amount equal to the dividends declared by company during the year upon a number of shares like in number, to the additional shares thus allotted, not delivered. The compensation shall be apportioned, where shares shall have been delivered during the currency of the year, at the rate aforesaid up to the time of delivery.

3. It shall be within the power of company, acting through the board of directors or proper executive officers, at its or their sole discretion, at any time hereafter, to terminate the employment of employee, either because of his inability further to render services which shall be deemed by company valuable, or because of dissatisfaction entertained by company acting as aforesaid, or for any other reason deemed by company, so acting, as sufficient. The power of termination of employment by company is absolute, and may be exercised without any right of question, and with the effect of terminating all rights hereunder, saving as herein otherwise specified.

4. The sum thus allotted to employee, immediately upon the expiration of each and every year, shall not be paid to him directly but shall be paid to trustees to be appointed and continued in the way and manner hereinafter set forth: *Provided, however*, That if in any year, employee shall desire that out of the sum allotted for said year there shall be paid to him one-third or less thereof for his personal use, the portion thus designated, not to exceed one-third, shall be paid over to him directly by company, in no event to exceed five per centum on the par value of stock, and the residue of the allotted sum alone shall be paid to trustees.

In such event, wherever hereinafter, the allotted fund is referred to, such reference shall be taken as covering merely the residue remaining of the original allotted sum for the year. It shall be necessary, however, for employee in each year to make the request for the payment of said portion to him. Any request in one year shall not be considered as extending beyond said year. Said trustees shall hold the fund thus annually allotted to them under and for the purposes of this agreement. To such extent as the fund shall pay therefor, company shall, from time to time, deliver upon payment therefor by trustees, so many shares of its common capital stock at par as can then be paid for. These shares shall be held by trustees, together with any residuum of cash, the latter not to bear interest, for the benefit of employee under the terms and conditions of this agreement. Dividends upon these shares shall be collected by trustees as the same shall be declared, which dividends shall be used in the way and manner provided of and concerning the annual compensation. Shares of stock thus delivered to trustees, however, shall not be entitled to back dividends, but only to such dividends as may be declared thereon after date of delivery.

5. In case of the death of employee, or of the termination of his employment because of his physical or mental inability to discharge his duties, this agreement shall be terminated. Trustees shall then transfer to employee, if he be living, or if he be deceased, to his personal representatives, the number of shares of stock and the amount of surplus cash which then shall be held by them as trustees. No further payments of cash or allotments of stock shall thereafter be made. The undisposed of residue of the allotted shares shall thereafter remain the property of the company, without any right whatever, therein or thereto, in employee or his personal representatives.

6. If the employment of employee be terminated by company for any cause other than his physical or mental inability to discharge his duties, and the judgment of company as to the cause of the termination shall be final and conclusive, this agreement shall terminate at the same time. Trustees shall then turn over to employee an amount equivalent to the unused cash in their hands belonging to the trust and to the par value of the shares of stock then held by them, even if all the allotted shares shall then have been fully paid for. It shall be their duty to dispose of the shares thus held in such way and manner as shall be legal, for the benefit of company, first deducting the par value of the shares paid over to employee. All rights of employee in the allotted shares shall terminate upon said payments being made to him.

7. In no event, saving in case of death of employee, or termination of his employment because of mental or physical inability, shall any shares be actually demanded from trustees by employee, until the first day of ———, and not then unless the dividends declared upon said stock shall have been in sum total an amount equal to the par value of the stock and interest. Until said time, saving under said excepted circumstances, said shares shall continue to be held by them upon an active trust, partly to insure the continued faithful services of employee; but, after the allotted shares have been fully paid for under the terms of this agreement, they shall be held by trustees thereafter, without any further conditions as to the deduction of interest, and the dividends thereon, shall thereafter, as declared, be paid over by trustees to employee from time to time.

On the first day of ———, if all the shares shall then have been paid for, employee, if he shall then be in the employ of company, shall be entitled to the transfer of the same to him absolutely and without restriction.

8. All delivered shares shall be held by said trustees upon an active trust, the trustees being entitled to vote the same as though absolute owners thereof.

9. If dividends be declared in stock and not in cash upon shares, the trustees shall hold the shares thus declared as stock dividends in the same way and manner as is herein provided of and concerning shares delivered to them upon payment therefor in cash.

10. The trustees shall be ———, ———, ———, ———, and ———. In case of vacancies in the trusteeship from time to time, company shall fill the same by vote of its board of directors. The person thus elected shall have all the rights of the trustee originally named.

11. The compensation of trustees shall be fixed by company, and shall be paid by it out of its own funds. No duty to compensate for said services shall be imposed upon employee,

STOCK SUBSCRIPTION PLANS.

A clear line of distinction is to be drawn between plans under which employees, with the assistance of their employers, but with their own money, subscribe for stock of the employing corporation and plans involving the distribution of gratuities or bonuses in the form of stock instead of in cash. The following section of this report deals wholly with plans under which employees, assisted in various ways by their employers, subscribe for stock of the employing corporation, paying for the same on the installment plan.

DESCRIPTIVE AND STATISTICAL SUMMARY OF A SELECTED GROUP OF STOCK SUBSCRIPTION PLANS.

A detailed analysis of over 25 such plans reveals the fact that none of them involve the principle of profit sharing even remotely. In most instances the cost of such plans to the employers is almost negligible, the only expense borne by them being the one involved in the keeping of the books necessary in the receiving and crediting of the partial payments of the subscribing employees.

Under most of the plans the preferred stock of the employing corporation is offered to employees. For this two principal reasons may be given: (1) The fact that the fluctuations in the values of the preferred stock are usually not as great as the fluctuations in the common stock, and (2) the type of investor represented by the subscribing employees usually prefers the certainty of a fixed return on the investment to the uncertainty of a potentially larger return on the common stock as returns on common stock in a great number of industrial corporations are frequently problematical.

The prices charged for the stock offered, based upon an examination of 20 of the largest stock-subscription plans, were as follows: Somewhat higher than the prevailing market value in 1 plan; market value in 6 plans; from $1 to $5 below the market value in 5 plans; from $6 to $10 below the market value in 5 plans; and $10 or more per share below the market value in 3 plans.

Under the great majority of such plans all of the employees of the company are eligible to subscribe in amounts determined by the management, usually on the basis of the earning capacity of the subscribing employee. The amounts of stock allotted vary from about one-fourth to the full amount of the employee's annual earnings. As a matter of practice, the smaller the relative financial advantages offered by the employer, the larger the amount of stock for which employees are allowed to subscribe. In only a very few instances, however, is the amount of stock that employees may subscribe for unlimited.

In all of the plans studied, except one, interest ranging from 4 to 6 per cent was charged on the deferred payments of the employees. At the same time the usual dividends accruing were credited to the subscription accounts.

Not until the stock subscribed for is fully paid up are the holding employees allowed to vote on it.

Aside from offering the stock at reasonable prices, frequently lower than the market price, it is the custom of employers in many plans to offer bonuses—a certain sum per share for a limited number of years—for the retention by employees while in the employ of the company of the subscribed for or owned stock. As in the case of the stock dividends, such retention bonuses, until the stock is fully paid for, are credited to the subscription account. When stock is fully paid for, the dividends as well as the retention bonuses are paid to the employee in cash.

The following table shows the different amounts per share paid as retention bonuses under the plans studied:

TABLE 56.—BONUSES PAID UNDER SPECIFIED NUMBER OF PLANS TO SUBSCRIBING EMPLOYEES FOR THE RETENTION OF STOCK (OWNED OR SUBSCRIBED FOR).

Number of plans.	Retention bonuses per share.		
	Amount (per year).	Period (years).	Special fund.
11	None.	....	None.
1	$2.50	3	None.
3	2.00	5	None.
2	3.00	5	(1)
1	3.50	5	(2)
2	4.00	5	(3)
4	5.00	5	(4)
1	7.50	5	None.

[1] One plan paid $5.91; the other will pay pro rata at the end of the series amount of accumulated forfeited bonuses.
[2] Will pay pro rata at the end of the series amount of accumulated forfeited bonuses.
[3] One plan paid $8.86; the other pays none.
[4] Three plans will pay pro rata at the end of the series amounts of accumulated forfeited bonuses; the fourth one pays none.

Of a total of 25 plans examined, 14, or about three-fifths, paid bonuses varying from $2 to $7.50 per share for periods ranging from three to five years. The table also shows that 11 firms out of 25 paid no retention bonus whatever on the stock purchased by their employees.

Under some of the plans the amounts of the bonuses forfeited through cancellations revert to a special fund which, at the end of the specific subscription series, is distributed pro rata among those of the subscribers who have completed their payments. Provisions for such a fund were found in seven plans, among which were two of the largest in operation. The relative benefits derived by the subscribing employees from the special fund vary directly with the number of cancellations; the more numerous the latter the larger the fund, and, consequently, the amount pro rated per share.

All of the plans examined without any exception allow their employees to cancel their subscriptions at will. Upon cancellation, employees

usually receive the amounts paid in by them, with interest of from 4 to 6 per cent, less dividends and other special bonuses that might have been credited to their subscription accounts.

The following table shows for a representative year the sizes of a selected group of establishments having stock-subscription plans in operation:

TABLE 57.—NUMBER AND PER CENT OF ESTABLISHMENTS WITH STOCK SUBSCRIPTION PLANS IN OPERATION HAVING EACH CLASSIFIED NUMBER OF EMPLOYEES.

Classified number of employees.	Establishments having plans in operation.	
	Number.	Per cent.
100 and under 300	1	4.5
300 and under 500	2	9.1
500 and under 1,000	7	31.8
1,000 and under 3,000	2	9.1
3,000 and under 5,000	2	9.1
5,000 and under 10,000	1	4.5
10,000 and over	7	31.8
Total	22	100.0

The majority of stock-subscription plans, unlike the profit-sharing plans described in a preceding section of this report, were found in establishments employing relatively large numbers of employees, viz, from one to three thousand.

The following table shows the extent of the application of the stock-subscription plans examined as well as the frequency with which employees avail themselves of the opportunities offered by the plans:

TABLE 58.—EMPLOYEES ELIGIBLE TO SUBSCRIBE FOR STOCK, EMPLOYEES SUBSCRIBING, AND AVERAGE NUMBER OF SHARES SUBSCRIBED FOR, IN EACH OF 21 ESTABLISHMENTS, IN SPECIFIED YEARS.

Establishment No.	Year.	Total employees.	Employees eligible to subscribe.		Employees subscribing.			Average number of shares per subscription.
			Number.	Per cent of total employees.	Number.	Per cent of total employees.	Per cent of eligible employees.	
1	1915	3,550	3,000	84.5	439	12.4	14.6	2.0
2	1915	151,129	78,587	52.0	33,920	22.4	43.2	3.0
3	1916	1,168	1,168	100.0	290	24.8	24.8	2.3
4	1915	333	333	100.0	97	29.1	29.1	6.2
5	1915	650	650	100.0	17	2.6	2.6	1.9
6	(1)	6,596	6,596	100.0	857	13.0	13.0	6.9
7	1911	480	183	38.1	13	2.7	7.1	9.6
9	1915	1,178	1,178	100.0	234	19.9	19.9	2.3
10	(2)	28,400	28,400	100.0	4,374	15.4	15.4	7.8
11	(3)	2,827	2,827	100.0	1,413	50.0	50.0	1.9
13	(4)	4,334	4,334	100.0	1,807	41.7	41.7	3.0
14	1915	644	644	100.0	84	13.0	13.0	1.4
15	1907	160	160	100.0	3	1.9	1.9	4.0
16	(5)	22,000	22,000	100.0	1,895	8.6	8.6	7.2
17	1915	12,461	12,461	100.0	749	6.0	6.0	3.9
18	(6)	830	780	94.0	256	30.8	32.8	2.7
19	(7)	300	300	100.0	111	37.0	37.0	2.5
20	1911	30,000	30,000	100.0	2,388	8.0	8.0	8.1
21	1915	55,000	2,300	4.2	1,347	2.4	58.5	5.7
22	1914	228,906	228,906	100.0	46,948	20.5	20.5	1.9
23	1914	448	448	100.0	5	1.1	1.1	2.0

1 Entire series, 1911 to 1915.
2 Entire series, Aug. 5, 1909, to Aug. 5, 1914.
3 Year ending Jan. 2, 1915.
4 Period from June 15, 1914, to Jan. 1, 1916.
5 Period from Jan. 15, 1900, to Nov. 14, 1915.
6 Year ending Jan. 30, 1915.
7 Year ending Oct. 1, 1915.

An interesting feature of this table is the fact that in two-thirds of the plans the proportion of subscribing employees to the employees eligible to subscribe was less than one-fourth. In 13 out of 21 plans studied the proportion subscribing was less than 20 per cent, and in about two-fifths of the plans even less than 10 per cent of the total number employed. The average number of shares per subscription differed considerably—from 1.4, the lowest, to 9.6, the highest—the average number of shares per subscription for the entire group of plans having been slightly over 4.

The proportion of all subscriptions canceled, as well as the average number of shares per cancellation, are shown herewith:

TABLE 59.—SHARES OF STOCK SUBSCRIBED FOR, NUMBER AND PER CENT CANCELED, AND AVERAGE NUMBER OF SHARES PER CANCELLATION, DURING ONE REPRESENTATIVE SUBSCRIPTION PERIOD, IN EACH OF 19 ESTABLISHMENTS.

Establishment No.	Subscription period.	Number of shares subscribed for.	Shares canceled.		Average number of shares per cancellation.
			Number.	Per cent of shares subscribed for.	
1	5 years	3,269	739	22.6	4.1
2	5 months	102,706	1,696	1.7	2.4
3	3 years	670	10	1.5	2.0
4	2 years	600	268	44.7	3.6
5	3 years	60	3	5.0	(1)
6	5 years	5,900	2,781	47.1	5.8
7	12 years	395	10	2.5	(1)
8	8 years	16,444	1,684	10.2	(1)
9	3 years	2,224	84	3.8	1.7
10	5 years	34,252	5,865	17.1	4.7
11	1 year	2,725	837	30.7	1.6
12	2 years	1,492	159	10.7	(1)
13	1½ years	5,332	751	14.1	1.8
14	5 years	561	331	59.0	1.4
17	3 years	2,973	154	5.2	3.3
18	4 years	1,951	532	27.3	2.1
19	1 year	272	22	8.1	2.4
21	4 years	27,668	910	3.3	4.5
23	4 years	290	90	31.0	1.0

[1] Not reported.

The proportion of cancellations, in per cent of the total shares subscribed for, was less than 10 per cent in 8 establishments; from 10 to 20 per cent in 4; from 20 to 40 per cent in 4; and between 40 and 60 per cent in 3 establishments. As a rule, the tendency of cancellations is to decrease with the gradual development of the plan for the reason that during the first years, the matter being a novelty, many employees contract for shares for which they can not pay. In a general way also, it may be stated that cancellations, particularly under the plans in operation in establishments having large numbers of employees, increase (*a*) with decreases in the total number employed, inasmuch as employees laid off or discharged immediately cancel their subscriptions; and (*b*) with changes in wages

resulting in decreased earnings. Under the stock subscription plan described in detail on pages 148 to 157 of this report, the relative number of cancellations in 1904, during which a considerable decrease in the rate of wages was made, was four times as large as the relative proportion of cancellations during the succeeding year.

The following table shows the number of cancellations and of shares canceled, by causes, during one representative subscription period in each of 16 establishments:

TABLE 60.—NUMBER OF CANCELLATIONS, AND OF SHARES CANCELED, IN EACH OF 16 ESTABLISHMENTS, DURING SPECIFIED YEARS, BY CAUSES.

Establishment No.	Year ending—	Cancellations caused by—											
		Leaving employment.		Discharge.		Death.		Inability to make payments.		Other causes.		All causes.	
		Cancellations.	Shares canceled.	Cancellations.	Shares canceled.	Cancellations.	Shares canceled.	Cancellations.	Shares canceled.	Cancellations.	Shares canceled.	Cancellations.	Shares canceled.
1	July 1, 1915	47	226	5	15	3	8	16	44	......	......	71	233
2	July 31, 1915[1]	[2] 501	[2] 1,148	(3)	(3)	24	73	......	......	[4] 182	[5] 475	707	1,696
4	Nov. 1, 1915[6]	[2] 38	[2] 135	(3)	(3)	......	......	26	91	11	42	75	238
5	Aug. 31, 1913	2	3	......	......	......	......	......	......	......	......	2	3
6	(7)	93	576	144	834	6	62	48	278	185	1,031	479	2,781
9	Dec. 31, 1915	12	19	......	......	......	......	......	......	3	6	15	25
11	Jan. 31, 1915	211	324	67	100	4	8	71	134	169	271	522	837
12	May 1, 1915	10	46	5	22	2	15	......	......	18	69	35	152
13	Jan. 1, 1916[8]	210	410	61	112	6	10	130	204	5	15	412	751
14	Jan. 1, 1915	47	61	9	13	......	......	37	57	......	......	93	131
16	Dec. 31, 1915	40	267	(9)	(9)	2	10	141	694	33	333	216	1,304
17	.....do.......	25	77	6	14	3	4	14	26	9	66	57	187
18	.....do[10]......	15	71	56	102	1	2	24	51	......	......	96	226
19	Oct. 1, 1915	6	18	2	3	......	......	1	1	......	......	9	22
21	Dec. 31, 1914	30	92	17	59	3	25	18	109	......	......	68	285
23	Dec. 31, 1914[11]	39	52	5	7	......	......	21	31	......	......	65	90
	Total..	1,329	3,525	377	1,281	54	217	547	1,720	615	2,308	2,922	9,051
	Per cent.....	45.5	38.9	12.9	14.2	1.8	2.4	18.7	19.0	21.0	25.5	100.0	100.0

[1] Five months.
[2] Including those caused by discharge.
[3] Included under "Leaving employment."
[4] Including subscriptions canceled on account of disability, 13; leave of absence, 12; temporary lay-off, 96; other causes, 61.
[5] Including shares canceled on account of disability, 42; leave of absence, 43; temporary lay-off, 227; other causes, 163.
[6] Two years.
[7] Entire series of 1911.
[8] June 15, 1914, to Jan. 1, 1916.
[9] Discharge does not cause forfeiture or cancellation.
[10] Two years and 9 months.
[11] Three years.

Of the canceled subscriptions, 58.4 per cent, representing 53.1 per cent of all the shares canceled, were occasioned through two principal causes, leaving of service and discharge; 18.7 per cent of the canceled subscriptions were due to the employee's alleged inability to continue the making of the stipulated payments.

The following table shows the proportion of subscribers in each of the four principal occupation groups in 19 establishments.

TABLE 61.—NUMBER AND PER CENT OF SUBSCRIBING EMPLOYEES IN EACH OCCUPATION GROUP, DURING ONE REPRESENTATIVE SUBSCRIPTION PERIOD (19 ESTABLISHMENTS).

Occupation group.	Subscribers.	
	Number.	Per cent.
Executive	8,631	19.2
Clerical	10,884	24.2
Sales	174	.4
All others	25,130	56.2
Total	44,819	100.0

More than one-half of the subscribers were found in the occupation group "All others." Inasmuch as common laborers very seldom, if ever, take advantage of the plans, it may be assumed with a reasonable degree of probability that the classification "All others" included employees who were engaged in manual and mechanical occupations requiring some degree of training or skill.

Financial advantages accruing to subscribers.

In the following table is given an estimate of the financial advantages offered by the stock subscription plans examined to employees earning $1,000 yearly. It is evident that such advantages, if any, may accrue to subscribing employees in either all or some of the following ways: (1) In the relatively lower price at which the stock may be had, as compared with the prevailing market value; (2) by special bonuses offered for the retention of the subscribed for or already owned stock; (3) by the difference between the rate of interest charged on the deferred payments and the dividends credited; and (4) from the proportionate share in the special fund which accumulates from the forfeited bonuses of canceled subscriptions, and which becomes distributable at the end of the subscription series.

The total financial gain under each of the plans is shown in column nine of the following table. By dividing the total amount of possible gain into the aggregate earnings of a hypothetical subscriber earning $1,000 per year for the period of years covered by the subscription series, there is obtained what is called in column eleven the "per cent of gain on total earnings." In this estimate as calculated all the speculative features of the transaction were disregarded.

TABLE 62.—ESTIMATE OF GAIN WHICH MAY ACCRUE TO A STOCK-SUBSCRIBER EMPLOYEE EARNING $1,000 PER YEAR IN EACH OF 18 ESTABLISHMENTS.

Establishment No.	Subscription series.	Number of years in which payments may be completed.	Maximum stock subscription allowed per $1,000 of earnings.	Amount of fixed bonus for entire period.	Excess of dividends over interest paid for entire period.	Excess of market price over subscription price.	Special fund for subscribers retaining stock until end of period.	Total gain from stock for entire period.	Total earnings for entire period.	Per cent of gain on total earnings.
1	1914	5	$200	$75.00	$20.00	....	....	$95.00	$5,000	1.9
2	1915	2	300	....	21.00	$16.50	....	40.50	2,000	2.0
3	[1] 1916	5	200	20.00	10.00	2.00	....	32.00	5,000	.6
4	[1] 1913	5	1,000	100.00	50.00	150.00	....	300.00	5,000	6.0
6	[1] 1911	5	1,000	....	100.00	40.00	....	140.00	5,000	2.8
8	[1] 1912	5	200	30.00	30.00	....	....	60.00	5,000	1.2
9	1914	5	200	20.00	[2] 30.00	20.00	....	70.00	5,000	1.4
9	[1] 1914	5	200	40.00	20.00	8.00	....	68.00	5,000	1.4
10	1909	5	1,000	150.00	....	95.00	$59.10	[3] 304.10	5,000	6.1
10	[1] 1909	5	1,000	200.00	100.00	60.00	88.60	448.60	5,000	9.1
11	1914	5	300	75.00	112.50	15.00	(4)	[5] 202.50	5,000	4.1
12	1913	3	200	30.00	18.00	8.00	....	40.00	3,000	1.3
13	1914	5	300	75.00	30.00	45.00	....	150.00	5,000	3.0
14	[1] 1910	2	500	....	20.00	130.00	....	150.00	2,000	7.5
17	1913	5	300	....	15.00	....	....	15.00	5,000	.3
18	1912	5	200	50.00	50.00	20.00	16.00	136.00	5,000	2.7
19	1914	4	1,000	....	80.00	....	....	80.00	4,000	2.0
21	1914	1	200	15.00	....	....	39.00	54.00	[6] 1,300	4.2
22	[1] 1912	5	300	52.50	....	....	52.65	105.15	5,000	2.1
23	[1] 1912	3	300	....	18.00	15.00	....	33.00	3,000	1.1

[1] Preferred stock.
[2] Based on normal dividend of 8 per cent.
[3] Not including a stock dividend of 33⅓ per cent distributed in first year of series, in which subscribers shared.
[4] Amount not known until end of series.
[5] Not including special fund, amount not known until end of series.
[6] Employees earning less than $1,300 per year not included in plan.

For convenience the estimated percentage gains on earnings shown in the foregoing table have been summarized as follows:

TABLE 63.—CLASSIFIED PER CENT OF GAINS ON EARNINGS (20 PLANS).

Classified per cent of gains.	Number of plans.
Under 2 per cent	8
2 and under 4 per cent	6
4 and under 6 per cent	2
6 and under 8 per cent	3
8 and under 10 per cent	1
Total	20

Under 14, or 70 per cent, of the plans the estimated financial advantages to the employees amounted to less than 4 per cent of their earnings during the period covered by specific subscription series. In over one-third of the plans the estimated benefit amounted to less than 2 per cent on earnings, slightly above 1 per cent mostly. Only one plan offered a financial advantage exceeding 8 per cent on earnings.

ANALYSIS OF WORKING OF FOUR TYPICAL PLANS.

Plan No. 1.

The essential features of this plan, as announced on January 1, 1915, are as follows:

(*a*) Any employee who on January 1, 1915, has been continuously in the service of ——— two years or more may purchase one share of stock at $110 per share for each $300 of his or her annual wages, but not exceeding 10 shares to any one employee.

(*b*) All purchase agreements must be filed with immediate superior officers on or before January 30, 1915.

(*c*) Continuous service and "rate of pay" under this plan shall be determined in the same manner as under the regulations of the Employees' Benefit Fund Plan.

(*d*) The following table shows the maximum number of shares which any employee may purchase, but any employee may purchase one or more shares up to the maximum he is entitled to purchase:

Employees receiving at Dec. 31, 1914, rate of pay equivalent to a rate per year of—	May purchase not exceeding—
$300 or less	1 share.
Over $300.01 to $600, inclusive	2 shares.
Over $600.01 to $900, inclusive	3 shares.
Over $900.01 to $1,200, inclusive	4 shares.
Over $1,200.01 to $1,500, inclusive	5 shares.
Over $1,500.01 to $1,800, inclusive	6 shares.
Over $1,800.01 to $2,100, inclusive	7 shares.
Over $2,100.01 to $2,400, inclusive	8 shares.
Over $2,400.01 to $2,700, inclusive	9 shares.
Over $2,700	10 shares.

Payment for the stock must be made beginning with March, 1915, in monthly installments of $2 per share, to be deducted from wages until stock is paid for, but payments may not be completed before March 1, 1917. Dividends are applied toward payment, and interest of 4 per cent is charged on unpaid balances.

Stock purchased, until payments have been completed, is to be held by three trustees appointed by the board of directors. When the stock has been fully paid for, the subscriber may keep or sell it, as he chooses, but before then no assignment, pledge, or sale of rights is permitted.

If a subscriber-employee leaves the company's service or dies in the service before his payments have been completed, the net amount paid in is returned in cash. If he leaves or dies after March 1, 1917, the amount still unpaid may be paid in and the stock taken up.

If for any reason other than leaving service, temporary absence, or death, any employee desires to withdraw from the purchase agreement, and if his reasons appear sufficient to the trustees, he may receive back the total amount paid in, together with 4 per cent interest.

Of a total of 151,129 employed, 78,587, or 52 per cent, were eligible [illegible]ribe for stock under this plan; 33,920, or 22 per cent of the

total employed, and over 43 per cent of all the eligibles, took advantage of the offer of the company and subscribed for a total of 102,706 shares of common stock. Over two-thirds of all the subscriptions were for three shares or less, one-third of all having been for two shares only. Less than one-tenth of all the subscriptions were for six shares or more.

During the first five months of the operation of the plan 2.1 per cent of all the subscribers canceled 1.7 per cent of all the shares subscribed for, the average number of shares per cancellation having been 2.4, as against 3 per original subscription, showing, in a general way, that employees holding small numbers of shares were responsible to a great extent for the cancellations. Most of the cancellations—over two-thirds of them—were caused through employees leaving the service of the company.

The types of employment or occupations of the subscribers under the plan are shown in detail in the following table:

TABLE 63.—NUMBER OF STOCK SUBSCRIBERS AND OF SHARES HELD, BY OCCUPATIONS.

Occupations.	Stock subscribers.			Shares held by—		
	Males.	Females.	Total.	Males.	Females.	Total.
General officers	138		138	1,267		1,267
General staff assistants	113	5	118	936	26	962
Attorneys	65		65	551		551
Accountants	436	28	464	2,276	63	2,339
Engineers	1,321		1,321	7,177		7,177
Main operating department heads	79		79	727		727
Assistants to main operating department heads	1,949	25	1,974	11,286	73	11,359
Managers and assistant managers	848	63	911	2,975	181	3,156
Collectors and canvassers	1,178	11	1,189	3,990	19	4,009
Cashiers, tellers, paymasters, etc	209	211	420	784	435	1,219
Operators	43	7,127	7,170	116	12,718	12,834
Foremen	1,916	1	1,919	7,248	1	7,254
Right of way agents	156		156	703		703
Inspectors	730	8	738	2,415	20	2,435
Inside plant force	4,348	4	4,352	12,626	8	12,634
Outside plant forces	4,105		4,105	11,007		11,007
Doctors, matrons, nurses, etc	2	97	99	9	179	188
Clerks, including storekeepers, stockkeepers, and students (except operators)	3,820	1,635	5,453	11,348	3,414	14,757
Stenographers and typists	40	821	861	124	2,140	2,264
Draftsmen	274		274	887		887
Messengers	54	3	57	82	4	86
Artisans	299		299	784		784
Unskilled workers	451	42	493	933	60	993
Manufacturing shop, warehouse, distributing house, and installation workers	1,170	95	1,265	2,958	156	3,114
Total	23,744	10,176	33,920	83,209	19,497	102,706

An inspection of the foregoing table shows that almost one-third of the total number of subscribers were females and that every branch of the service of the company is represented among the subscribers. Considerably over one-half of the total number of subscribers belonged to occupations other than executive, clerical, or commercial, the bulk of them, apparently, having been engaged in mechanical and manual occupations.

Plan No. 2.

This plan was put into operation in 1909, when 12,500 shares of preferred stock, at $115 per share, and 15,000 shares of common stock, at $75 per share, were offered for subscription to officers and employees. The amount of subscription in any case was limited to the amount of annual wages or salary.

Minimum monthly installments were to be $1.50 per share for preferred stock and $1 per share for common stock, the stock to be fully paid for within five years, with an interest charge in the meantime of 5 per cent on unpaid balances. Dividends were to be credited from the time of allotment.

As soon as the subscription payments were completed the stock was to be issued to the subscriber; but when an allotment included both preferred and common stock no certificate was to be issued until the entire subscription was paid, and then certificates for both classes of stock were to be issued.

As an inducement to subscribers to retain their stock and "to have and show the active interest in the business of a stockholder or working partner," a special allowance of $4 per share of preferred stock and $3 per share of common stock for five consecutive years beginning with August, 1910, was offered. This special allowance was to be credited to subscribers whose subscriptions were still in force, yet not fully paid, but paid in cash to employees who had fully paid for their stock.

Subscribers who discontinued payments at any time before their subscriptions were fully paid up would forfeit these special allowances, which would then go into a special fund, credited with 5 per cent annual interest. At the end of the five-year period, the total amount thus accumulated would then be divided into as many parts as would equal the number of shares of preferred stock plus two-thirds of the number of shares of common stock which had remained continuously in the hands of the subscribers for five years. Each subscriber would then be awarded as many parts as the number of shares then held by him under this plan would entitle him to; i. e., one part for each share of preferred stock and one part for each one and one-half shares of common stock.

The series of stock subscription described above was completely closed out in 1915, with the following results:

Of a total of 28,400 employed by this company, 4,374, or 15.4 per cent, availed themselves of the opportunity offered, and subscribed for 34,252 shares of common and preferred stock, in almost equal proportions. Over 86 per cent of all the subscriptions were for three shares or less, 55.8 per cent of all the subscribers contracting for one share only. Prior to the closing of the series, 1,247 subscribers canceled subscriptions amounting to 5,865 shares, making the propor-

tions of total subscribers and shares that were canceled 28.5 per cent and 17.1 per cent, respectively. From the fact that the proportion of subscribers who canceled their subscriptions was considerably larger than the proportion of shares canceled by them, it may be inferred that employees who subscribed for a small number of shares were responsible for most of the cancellations. This conclusion is partly supported by the fact that while the average number of shares per subscription was 7.8, the average number of shares per cancellation was only 4.7.

On December 23, 1915, this company in a circular to its employees announced the establishment of a new plan, as follows:

To the employees of ——— Co., of ———, and its subsidiary companies:

In order to reward continuous service and assist employees to become stockholders in this company and share in its profits, the directors announce the following

PROFIT-SHARING PLAN:

1. Any employee may subscribe for a profit-sharing certificate for $50 or any multiple thereof up to the sum of $1,000. The payments for the certificate shall be made in specified sums of not less than $1 nor more than $25 per month, which may be regularly deducted from the employee's wages. The amount thus agreed to be paid must be sufficient with the other credits hereinafter provided, to pay such certificate in full on or before January 2, 1921.

Whenever the employee is unable to work for the company because of shutdown or of his sickness or accident disability, his payments may be temporarily reduced or suspended.

Each employee who subscribes for a profit-sharing certificate before March 1, 1916, and has earned $100 or more during the year 1915, will also be credited on such certificate at the date of his subscription with a sum equal to 1 per cent of his wages during 1915. If he has been in the company's employment throughout that year, this credit will be not less than $10.

2. The company agrees to credit annually on January 2 of each year, from 1917 to 1921, inclusive, on the profit-sharing certificate, in addition to the employee's payments thereon, the following:

(*a*) An amount equal to 1 per cent of the employee's wages earned during the preceding calendar year, if such wages amount to not less than $100 and the employee is still working for the company. If he has been in the company's employment throughout the preceding year, this credit will be not less than $10.

If any holder of a profit-sharing certificate, because of a shutdown in his department or his sickness or injury disability, is absent from work on January 2 of any year prior to and including 1921, the company will make the above credit if he resumes work not later than April 1 of the same year, either when the work in his department is resumed or upon his recovery from such disability.

(*b*) Interest at the rate of 5 per cent per annum on all his payments and credits on his profit-sharing certificate.

In case the holder of a profit-sharing certificate ceases to be an employee of the company, the amount to the credit of his certificate shall be payable to him in cash within 30 days thereafter, after which date it will not bear interest.

3. *Employee's options.*—Every employee holding a profit-sharing certificate shall have the right:

(*a*) To apply the amount credited upon his profit-sharing certificate to the purchase, from the company, of its common stock at $3 per share below its then market price at any time when such amount is sufficient to pay for one or more such shares; or

(b) To receive in cash the full amount of his certificate, with accrued interest, any time after such certificate is fully paid; or

(c) To leave with the company until January 2, 1921, the amount of his paid-up profit-sharing certificate, and (if he continues in the employ of the company) to receive in cash on every January 2, to and including the year 1921, interest thereon at 5 per cent per annum and also an amount equal to 1 per cent of his wages for the preceding year but not less than $10; and

(d) To subscribe from time to time for additional profit-sharing certificates upon the terms and conditions above set forth, provided the total amount of certificates subscribed for by any employee shall not exceed $1,000, and his payments thereon shall not exceed $25 per month.

4. *Special profit-sharing to employee stockholders.*—The company agrees to pay to each employee, while he shall continue to be an employee and to own stock under this plan, in addition to the dividends on his stock, an amount equal to the extra dividend which he would receive upon his said stock if the entire excess of the net profits of the company for each calendar year prior to January, 1921, over and above an amount equal to 6 per cent on the moneys invested in the company's business during such year, were distributed pro rata to all the holders of its common stock. The company guarantees that this amount shall not be less than $2 a year for each share of stock so held by the employee. The guaranteed $2 per share will be paid by January 10 and the remainder as soon thereafter as the balance sheet has been approved by the board of directors.

The "moneys invested in the company's business" for each year shall be the capital stock and surplus as shown by its annual balance sheet as of December 31 of the preceding year approved by its board of directors. The "net profits" for each year shall be the amount shown as net profits upon the company's balance sheet as of December 31 for that year approved by its directors.

Such additional annual payments to employee stockholders, for any year, shall be paid upon only such shares of stock as are acquired hereunder prior to February 1 and held until the end of that year.

5. This profit-sharing plan ends January 2, 1921. The company does not agree to continue any of the rights, interest, or profit sharing above outlined beyond January 2, 1921. It hopes, however, to be able to announce an extension of the plan beyond that date.

6. Participation in this profit-sharing plan is not compulsory upon any employee. Failure to accept any of the offers made by the company under this plan will not in any way affect the employment or standing of anyone who is now or may hereafter be in the service of the company.

The following tables have been prepared to show how monthly payments of $1 and upward will pay for profit-sharing certificates in amounts ranging from $50 to $1,000. While the profit-sharing plan provides that the yearly credit shall be 1 per cent of the employee's wages, these tables show in each case a credit of $10, this being the minimum amount which will be credited to each subscriber who has been in the company's employment throughout the preceding year.

		$1 per month.	$2 per month.	$3 per month.	$4 per month.	$5 per month.	$6 per month.	$7 per month.	$8 per month.	$9 per month.	$10 per month.	$11 per month.	$12 per month.	$13 per month.	$14 per month.	$15 per month.	$20 per month.	$25 per month.
1916. Jan. 2	1 per cent of wages (minimum)	$10.00	$10.00	$10.00	$10.00	$10.00	$10.00	$10.00	$10.00	$10.00	$10.00	$10.00	$10.00	$10.00	$10.00	$10.00	$10.00	$10.00
Dec. 31	12 monthly payments	12.00	24.00	36.00	48.00	60.00	72.00	84.00	96.00	108.00	120.00	132.00	144.00	156.00	168.00	180.00	240.00	300.00
31	Interest at 5 per cent	.78	1.05	1.33	1.60	1.88	2.15	2.43	2.70	2.98	3.25	3.53	3.80	4.08	4.35	4.63	6.00	7.38
		22.78	35.05	47.33	59.60	71.88	84.15	96.43	108.70	120.98	133.25	145.53	157.80	170.08	182.35	194.63	256.00	317.38
1917. Jan. 2	Balance	22.78	35.05	47.33	59.60	71.88	84.15	96.43	108.70	120.98	133.25	145.53	157.80	170.08	182.35	194.63	256.00	317.38
2	1 per cent of wages (minimum)	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Dec. 31	12 monthly payments	12.00	24.00	36.00	48.00	60.00	72.00	84.00	96.00	108.00	120.00	132.00	144.00	156.00	168.00	180.00	240.00	300.00
31	Interest at 5 per cent	1.92	2.80	3.69	4.58	5.47	6.36	7.25	8.14	9.02	9.91	10.80	11.69	12.58	13.47	14.36	18.80	23.24
		46.70	71.85	97.02	122.18	147.35	172.51	197.68	222.84	248.00	273.16	298.33	323.49	348.66	373.82	398.99	524.80	650.62
1918. Jan. 2	Balance	46.70	71.85	97.02	122.18	147.35	172.51	197.68	222.84	248.00	273.16	298.33	323.49	348.66	373.82	398.99	524.80	650.62
2	1 per cent of wages (minimum)	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Dec. 31	12 monthly payments	12.00	24.00	36.00	48.00	60.00	72.00	84.00	96.00	108.00	120.00	132.00	144.00	156.00	168.00	180.00	240.00	[1] 200.00
31	Interest at 5 per cent	3.11	4.65	6.17	7.71	9.24	10.78	12.31	13.84	15.38	16.91	18.44	19.97	21.51	23.04	24.57	32.24	39.28
		71.81	110.50	149.19	187.89	226.59	265.29	303.99	342.68	381.38	420.07	458.77	497.46	536.17	574.86	613.56	807.04	899.90
1919. Jan. 2	Balance	71.81	110.50	149.19	187.89	226.59	265.29	303.99	342.68	381.38	420.07	458.77	497.46	536.17	574.86	613.56	807.04	899.90
2	1 per cent of wages (minimum)	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Dec. 31	12 monthly payments	12.00	24.00	36.00	48.00	60.00	72.00	84.00	96.00	108.00	120.00	132.00	144.00	156.00	168.00	180.00	[2] 80.00	....
31	Interest at 5 per cent	4.36	6.57	8.78	10.99	13.20	15.41	17.62	19.83	22.04	24.25	26.46	28.67	30.88	33.09	35.30	44.02	45.50
		98.17	151.07	203.97	256.88	309.79	362.70	415.61	468.51	521.42	574.32	627.23	680.13	733.05	785.95	838.86	941.06	955.40
1920. Jan. 2	Balance	98.17	151.07	203.97	256.88	309.79	362.70	415.61	468.51	521.42	574.32	627.23	680.13	733.05	785.95	838.86	941.06	955.40
2	1 per cent of wages (minimum)	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Dec. 31	12 monthly payments	12.00	24.00	36.00	48.00	60.00	72.00	84.00	96.00	108.00	120.00	132.00	144.00	156.00	168.00	[3] 105.00	....	....
31	Interest at 5 per cent	5.68	8.60	11.53	14.45	17.36	20.28	23.21	26.13	29.05	31.97	34.89	37.81	40.73	43.65	45.94	47.55	48.27
		125.85	193.67	261.50	329.33	397.15	464.98	532.82	600.64	668.47	736.29	804.12	871.94	939.78	1,007.60	999.80	998.61	1,013.67
1921. Jan. 2	Balance	125.85	193.67	261.50	329.33	397.15	464.98	532.82	600.64	668.47	736.29	804.12	871.94	939.78	1,007.60	999.80	998.61	1,013.67
2	1 per cent of wages (minimum)	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
	Total credit—Jan. 2, 1921	135.85	203.67	271.50	339.33	407.15	474.98	542.82	610.64	678.47	746.29	814.12	881.94	949.78	1,017.60	1,009.80	1,008.61	1,023.67

[1] Monthly payments for 8 months.
[2] Monthly payments for 4 months.
[3] Monthly payments for 7 months.

EXAMPLE 1—$50 CERTIFICATE.

A $50 certificate subscribed for during January, 1916, by an employee who has worked for the company one year or more and who pays thereon $1 each month, will be fully paid by January 2, 1918, as follows:

1 per cent of wages for 1915, 1916 and 1917 (minimum)	$30.00
24 monthly payments of $1 each	24.00
5 per cent interest to Jan. 2, 1918	2.70
Total	56.70

He may draw in cash the full amount on January 2, 1918, or he may leave this amount with the company until January 2, 1921, and if he continues in the employ of the company he will receive in cash on January 2, 1919, $12.84, on January 2, 1920, $12.84, and on January 2, 1921, $12.84. The principal sum, $56.70, will also be paid on January 2, 1921.

EXAMPLE 2—$200 CERTIFICATE.

An employee, who has worked for the company one year or more, subscribing during January, 1916, for a $200 certificate with a monthly payment of $2, will have to his credit on January 2, 1919, $120.50, of which he will have paid in $72. If he then withdraws a sufficient amount to purchase one share of stock at $3 below the then market price, he will continue to receive, as credits on the balance of his account, interest at 5 per cent and the percentage of his wages as set forth in this plan. He will also receive dividends upon his share of stock in common with all other stockholders and an additional annual payment on account of his share of stock guaranteed to be not less than $2, and which, on the basis of the earnings of the company for the year 1914, would amount to $5.20 each year.

ADDITIONAL PAYMENTS TO EMPLOYEE STOCKHOLDERS.

The following statement shows how the rate of additional payments to employee stockholders, described in section 4, will be figured:

Capital stock and surplus Dec. 31, 1913:	
Preferred stock	$30,000,000
Common stock	40,000,000
Surplus	19,608,797
	89,608,797
Net profit for year 1914	7,463,231
Deduct 6 per cent on above capital stock and surplus	5,376,527
"Excess net profits" on which rate of additional payment is figured	2,086,704

This balance, $2,086,704, is equal to 5.2 per cent on the $40,000,000 common stock, and represents an additional payment of $5.20 per share. This statement is figured on 1914 business merely for illustration, and does not fix the rate of additional payment for any year. The company guarantees, however, that this additional payment shall amount to at least $2 per share each year. Any increase in the dividends on the common stock will be shared in by the employee stockholder without any reduction being made in the additional payments to which he may be entitled under this plan.

Plan No. 3.

Under the provisions of this plan common stock (series of 1914) is offered for subscription at $60 per share to officers and employees whose annual wages or salaries are $1,300 or over. The maximum mount to be subscribed for by any employee is determined in each

instance by the executive committee in charge of the plan, due consideration being given to the salary and importance of position of each employee.

The maximum amount of stock that an employee may subscribe for varies from 10 per cent of his annual earnings, in the case of the employees earning $1,300, to 20 per cent of annual earnings in the case of employees earning $10,000 per year or more.

Payments on subscriptions are to be made in monthly installments, deducted from the salary or wages in such amounts as the employee may desire, subject to a minimum of $6 per share. Interest at 5 per cent is charged on all unpaid balances and dividends are credited to the employee's account until the subscription is fully paid. Employees canceling their subscription before the stock is fully paid for, or who have failed to pay their installments for three consecutive months, have the exact amount of their payments returned to them, together with 5 per cent interest; they forfeit, however, the dividends and the special allowances referred to below.

As soon as the payments on the stock have been completed, the shares are issued in the employee's name, to dispose of as he chooses. As a special inducement to keep it, however, the company pays $3 per share for five successive years to those exhibiting each year a certificate from an authorized official of the company stating that the employee has been continuously in the company's employ for the preceding year and "has shown a proper interest in its welfare and progress." At the end of five years he receives an additional allowance, which is paid out of a fund accumulated from bonuses which become forfeited through noncompliance with the regulations or through leaving the company's employ.

Employees who have taken advantage of the stock subscription plan may also, on being selected by the executive committee, share in the distribution of a certain sum set aside as a "participation (so-called profit-sharing) fund," out of the earnings for the current fiscal year. As a matter of actual practice, participation in this fund, based upon amount of salary and subscription of specific employees, is awarded to every one of those who subscribe for stock under the plan. The exact basis of apportionment of the fund is not made known. In the past, in instances of lower paid subscribers—those earning $1,300—the participation amounted to 3 per cent of annual earnings or a bonus equivalent to $39 on a total stock subscription of $120; viz, two shares at $60 each. The so-called participation amounts have been correspondingly larger in the cases of the higher paid employees, the governing principle of distribution apparently being that the higher the salary and the greater the importance of the subscribing employee the larger his proportionate share in the fund.

When the salary of the subscribing employee is less than $5,000 a year, his share is paid to him in cash; officers or employees receiving more than $5,000 a year receive about 60 per cent in cash and the remainder in nonassignable, conditional "certificates of interest" in the common stock on the basis of $60 per share, on which full dividends are paid. Such a participant remaining in the employ of the company for five years, until April 1, 1919, and having rendered "faithful and satisfactory service," may exchange his "certificate of interest" for ordinary share certificates.

The following facts indicate the working of this plan for the period of 1912 to 1915, inclusive.

Out of a total of about 55,000 employed only 2,500, or approximately 4.5 per cent, were eligible to subscribe for stock under the terms specified in the plan. On the average during the first four years of the operation of the plan, slightly over one-half of the eligibles took advantage of the offer of the company, thus making the proportion of actual beneficiaries under the plan to the total employed about 2.2 per cent. A total of 4,923 employees subscribed for 27,668 shares of stock. The subscriptions for three shares or less were 44.4 per cent of all subscriptions in 1912, 74.2 per cent in 1913, 73.7 per cent in 1914, and 60.4 per cent in 1915. Only 910, or 3.3 per cent, of all the shares subscribed for were subsequently canceled. During the year 1914, 68 subscribing employees canceled subscriptions amounting to 285 shares, giving the following reasons for their cancellations: (1) Leaving employment of the company, 30; (2) inability to continue the making of the stipulated payments, 18; (3) discharge, 17. The other three cancellations were due to death of the employees.

The following table shows the amounts paid out, during the first four years of the operation of the plan, of the special fund distributable immediately upon subscription and in special bonuses for the retention of stock.

TABLE 65.—NUMBER OF BENEFICIARIES AND AMOUNTS DISTRIBUTED FROM SPECIAL FUND AND AS BONUSES FOR RETENTION OF STOCK.

Year.	Special fund.		Special bonuses for retention of stock.	
	Number of beneficiaries.	Amount.	Number of beneficiaries.	Amount.
1912	1,090	$172,915	1,078	$24,645
1913	1,201	140,041	2,203	40,218
1914	1,285	152,877	3,420	57,964
1915	1,347	156,333	4,710	80,274
Total	....	622,166	....	203,091

Over $200,000 was paid out by the company as special bonuses for the retention of the subscribed-for stock, at the rate of $3 per share per year, as per section 8a of the plan reproduced below.

The special participation fund during the four-year period amounted to $622,166, of which amount $138,590 was paid in so-called certificates of interest to employees with an earning capacity of over $5,000 per year. Inasmuch as the latter amount constituted only 40 per cent of the aggregate amount paid out to this class of employees, the total amount paid out to them was $346,475, or 55.7 per cent of the entire fund; that is, over one-half of the total amount distributed was apportioned to employees with an earning capacity of over $5,000 per year.

The text of this plan, as addressed by the company to its officers and employees in a circular dated April 20, 1914, follows:

The company offers to officers and employees whose wages or salaries are at the rate of $1,300 per annum or over the opportunity to subscribe for shares of its common stock heretofore issued and now held by and in the treasury of the company at the price of $60 per share, subject to the following conditions:

First. All subscriptions shall be for the value of one or more shares of common stock at the price of $60 per share and upon the express condition that there may be allotted to the subscriber all or any part of his subscription as the executive committee may determine.

Second. The maximum amount which may be subscribed for hereunder by such officers and employees respectively will be governed by varying percentages of their respective salaries or wages, which percentages will be determined in each case by the executive committee, it keeping in mind the salary and position of the individual; and, as respects ——— of ——— such maximum amount is ——— (   ) shares.

No officer or employee of any class is obliged to subscribe for any or for the full amount of stock which he may be thus privileged to subscribe for, but if he so elects he may subscribe for a lesser amount.

Third. Payment on the subscriptions shall be made in monthly installments, to be deducted from the salary or wages of the subscriber in such amounts as he may desire, subject to the provision that the minimum amount of a monthly installment shall be $6 per share. The subscriber may anticipate such payment to such extent as he may desire, but any amount so paid in anticipation shall be in even dollars. Interest at 5 per cent per annum will be charged by the company on all amounts unpaid on the stock.

Fourth. From the date on which payments begin and during the continuation of such payments all dividends paid on the stock will be credited to the subscription account of the subscriber until the stock is fully paid for and issued to him, after which dividends will be paid in the same manner as to other stockholders.

Fifth. In case a subscriber shall cancel his subscription before his stock shall have been fully paid for there will be returned to him the exact amount of his payments made on account, with interest at 5 per cent per annum on the same from time of payment, no credit being given him for dividends or for the special allowance referred to in section sixth hereof, and no interest being charged on deferred payments, and thereupon his subscription and all interest in the stock to which the same relates shall cease and determine. Whenever such payments shall have been discontinued without the consent of the company for the period of three months, his account will be closed forthwith and his interest in the stock shall cease and his payments on account will be returned to him as above stated.

No subscriber can cancel his subscription unless he cancels all of it.

Sixth. As soon as the stock shall have been fully paid for, and not before, it will be issued in the name of the subscriber. The subscriber may then sell his certificate whenever he chooses, but as an inducement for him to keep it and to remain continuously in the employ of the company or of one or another of its subsidiary companies, the following offer is made, viz:

If he does not sell or part with any part of the said stock but shall keep it and on the 1st of April, 1915, and the 1st of April for four consecutive years thereafter shall exhibit the certificate to an official designated by this company and obtain from him a certificate to the effect that he has been continuously in the employ of the company or of one or another of its subsidiary companies during the whole preceding year and has shown a proper interest in its welfare and progress, he will for each of such five years receive from the company a cash payment at the rate of $3 a share for each said share of said stock.

Seventh. If the subscriber shall retain his said certificate and remain continuously in the service of the company or of one or more of its subsidiary companies for said five years, the company intends that he shall then receive a still further compensation, which can not now be ascertained, but which it is intended will be derived from the following sources, viz:

Subscribers for stock under this offer whose subscriptions are canceled before being paid in full will forfeit and will not receive the special allowance of $3 per share referred to in section sixth hereof. Nor will such special allowance be paid for such of the five years as remain after forfeiture to subscribers whose certificates may be transferred from their names at any time during the five years, whether intentionally or otherwise; nor to subscribers who after receiving their certificates do not remain continuously in the service as provided in said section sixth. The company will, however, pay into a special fund at the end of each remaining year of said five years the said $3 allowances forfeited by subscribers as aforesaid. This latter fund shall be credited with 5 per cent annual interest, and at the end of the five years' period the total amount thus accumulated will be divided into as many equal parts as shall be equal to the number of shares of said common stock issued as aforesaid to and then remaining in the hands of subscribers who shall have so continued in such employ for the whole of said five years. The company will then by its own final determination award to each then remaining subscriber whom it shall find deserving thereof as many parts of such accumulated fund as he shall be entitled to on the basis of the number of said shares then held by him under this plan as compared with said total number.

Eighth. In case a subscriber dies or becomes permanently disabled while faithfully serving the company or one of its subsidiary companies during such five years' period payments will be made to his estate or to him as follows:

(a) If his subscription is fully paid and he has received and not disposed of his certificate, the company will pay, as above stated in section sixth a sum equal to $3 per share for each of the five years not then expired, and also a pro rata amount of the special fund mentioned in section seventh, arising from the said forfeitures which may have accrued at the time of his death or disablement.

(b) If his subscription has not been paid in full, the company will pay, as stated, the money theretofore paid in by him on account, together with the dividends paid on the stock subscribed for, the special compensation for the entire five years' period and a pro rata share of the amount of the special fund mentioned in paragraph (a) preceding, less interest at 5 per cent per annum on unpaid amounts.

(c) If at the time of decease or permanent disablement the subscription has been fully paid but certificate not yet delivered, the company will deliver the certificate as first stated above, together with the additional payments as mentioned in paragraph (a) preceding.

Ninth. A subscriber may designate in his subscription the person to whom in the ent of his death he desires the company to deliver all amounts or stock in connec-

tion with his subscription which would otherwise be deliverable to his estate. When such designation has been made and shall not have been changed, the company, upon satisfactory proof of death under the conditions of the subscription, will deliver to the person designated, if then living, all amounts of stock in connection with the subscription which would otherwise be deliverable to the estate of the subscriber. When such designation has been made the subscriber's estate shall have no claim to any such amounts or stock unless the person designated or his substitute or substitutes should die before the subscriber, and in that event delivery will be made to the subscriber's estate. By written notice delivered to the treasurer of the company by which he is employed a subscriber may change the person designated.

Tenth. Subscribing officers and employees whose employment has been or may be suspended by reason of the temporary closing of the company's plants and who shall continue ready and willing when required to resume their service will not be deprived of the special cash payment of $3 per share per year during such suspension. During such suspension monthly payments will not be required, though if so desired by the officer or employee they may then be made.

In case of the death during such suspension of any such officer or employee his estate or his designee as above will be entitled to the same benefits accruing to his subscription as if he had died while under employment.

Failure to present the original certificate, as provided, or the withdrawal of a partly paid subscription or the failure to resume employment when requested will constitute and will be deemed conclusive evidence of the termination of his employment by such officer or employee and a relinquishment of all benefits referred to above.

Eleventh. All subscriptions shall be upon the express understanding and condition that the decision of the executive committee of the ——— Co., as said committee shall from time to time be constituted, shall at all times be final with respect to the construction and meaning hereof and to the rights or interests of the subscribers or any question relating to or arising out of the same, and that the vote of a majority of the committee shall be as conclusive as the unanimous vote of said committee.

Twelfth. Subscriptions will be received until May 10, 1914, inclusive, and allotment will be made a few days later. The first deductions will be made from May salary or wages.

The executive committee of the ——— Co. announces that:

First. There has been set aside a certain sum as a profit-sharing fund for the calendar year ending on March 31, 1914, for distribution as soon after May 15, 1914, as shall be practicable, among various officers and employees of said company and its subsidiary companies to be selected by said committee. In so far as any employee receiving a salary less than $5,000 per annum is selected to share in said fund, his share will be paid to him as soon as possible in cash. When the salary of the officer or employee thus selected shall be at the rate of $5,000 per annum or more, about 60 per cent of his share of said fund will be so paid in cash and the remainder, under conditions hereinafter stated, in nonassignable, conditional certificates of interest in the common stock of the ——— Co. on the basis of $60 per share. If 40 per cent of any such allotment is insufficient to so purchase one share of said stock, then said 40 per cent shall be paid in cash, and if such 40 per cent shall purchase one share or a multiple thereof, then any excess over such purchase price shall be paid in cash.

The certificates of interest above referred to shall provide, among other things, as follows:

(a) That if such participant shall remain continuously in the service of the company or of one or another of its subsidiary companies until April 1, 1919, and shall during all of such time have rendered faithful and satisfactory service to such company or to one or another of its subsidiary companies, the stock called for by his con-

ditional certificate will be delivered to him as his property upon surrender of his said conditional certificate.

(b) That he will receive such dividends as are declared on the stock while it is so held for his account.

(c) That if he shall voluntarily quit the service of the company or of a subsidiary company (except that such voluntary retirement be made under any general pension scheme which may hereafter be adopted), or shall be discharged or removed for cause by his employer before April 1, 1919, he shall forfeit all right to the stock and to the conditional certificate; and in that case such stock will be held in a fund which at the end of the five years above named will be divided pro rata according to their respective interests among such officers and employees as shall then be entitled to the delivery of the stock called for by the certificates of interest held by them.

(d) That if before April 1, 1919, he dies, or becomes totally and permanently disabled while in the employ of the company or of one or more of its subsidiary companies, the stock will be delivered to his estate (or to him if disabled), together with such pro rata amount of additions, if any, as have accrued up to the time of his death or disablement. If a beneficiary has been named in his subscription agreement, series 1914, referred to below, and such designation has not been changed, delivery will be made to the person so designated, if then living, and the participant's estate shall have no claim to such stock or additions.

Second. All questions relating to the meaning or construction hereof or to the rights or interests of any officer or employee in, or growing out of, the stock or fund above mentioned or referred to shall be determined by the executive committee of the ——— Co., and by it alone; and its decision shall be final and conclusive as to all parties; and the fund above referred to is to be created on that condition; and the action of a majority of said executive committee shall be as binding and conclusive in every case as the unanimous action of the entire committee would be.

Third. It is understood that the above-mentioned profit-sharing fund will be distributed and plan administered with special reference to those whose subscription agreement, series 1914, shall have been approved and accepted by the company.

Plan No. 4.

In December, 1902, a certain corporation announced to its officers and employees that out of its earnings during the year 1902 about $2,000,000 would be set aside for the purchase of at least 25,000 shares of the preferred stock, for the purpose of offering it to all employees of the corporation and its subsidiary companies at the price of $82.50 per share, the market price at that time being $86.25 to $89.75. This offer (series 1) was to be as of 1903.

For the purpose of administering the plan the employees then in the service of the corporation were divided into six classes, graded according to salary received, each class having been given an opportunity to subscribe for a specified number of shares, based upon their annual salary or wages. Thus, employees in class A, receiving an annual salary of $20,000 or more, were allowed to subscribe for an amount not to exceed 5 per cent of their annual salary; employees in class B, with a salary of from $10,000 to $20,000 a year, could subscribe for an amount equal to 8 per cent of their salary; class C, with annual salaries ranging from $5,000 to $10,000, could sub-

scribe for an amount of stock equal to 10 per cent of their salary; class D, with salaries from $2,500 to $5,000 a year, to 12 per cent; class E, with salaries from $800 to $2,500 a year, to 15 per cent; and finally, class F, including all employees earning $800 a year or less, were allowed to subscribe for an amount equal to 20 per cent of their yearly earnings.

The latest series—December 24, 1915—offers for subscription to employees the common stock of the corporation at $85 per share. The maximum number of shares that an employee may subscribe for under this series is determined in accordance with his yearly salary or earnings, and varies from 1 share (in the case of employees earning $637.50 or less per year) to 19 shares (in the case of those earning from $19,658.25 to $31,450 per year).

Payments are to be made in monthly installments, to be deducted from the salary or wages, in such amounts as the subscriber may desire, with a fixed minimum amount of $2 per share per month, but not to exceed 25 per cent of any one month's salary or wages. The stock must be paid for within three years. Dividends on the stock are credited to the account of the subscriber from the date on which he commences to make payments, and 5 per cent interest is charged on unpaid balances.

An employee forfeits all interest in the stock if he leaves the company's service or is three months in arrears with his payments, in which cases his payments are returned with 5 per cent interest, less dividends or special allowances referred to below.

When the stock is fully paid for, it is issued in the name of the subscriber. He may sell his certificates whenever he chooses, but as an inducement to retain it while he remains in the service the corporation offers a yearly cash bonus of $5 per share for five years, beginning with January, 1916, on the condition that the subscriber is to produce his stock certificate together with a statement from a proper official of the company to the effect that he has been continuously in the corporation's service during the preceding year, "and has shown a proper interest in its welfare and progress."

Subscribers who have not fully paid their subscriptions, but who otherwise fulfill "all the conditions of continuous and faithful service," are also given this bonus.

A holder of a stock certificate remaining five years continuously in the corporation's service may be awarded, if found "deserving thereof," a further pro rata bonus from a fund to be derived from the forfeited bonuses of employees (a) canceling subscriptions; (b) transferring certificates, whether intentionally or otherwise; (c) leaving the service or failing to resume employment when requested.

The following is a copy of the full text of the offer of 1915:

To the officers and employees of the ——— Corporation and of its subsidiary companies:

The corporation again offers the opportunity to subscribe for shares of its common stock, not exceeding an aggregate total of 35,000 shares, under the following terms and conditions:

First. All subscriptions shall be made upon the express condition and agreement that all questions concerning the said subscriptions, and the allotments and interests thereunder, shall be decided by the finance committee in its discretion, and such decision shall be final and conclusive upon all parties.

Second. Subscriptions shall be for one or more shares of common stock at the subscription price of $85 per share.

Third. The following table shows the maximum number of shares which may be subscribed for by employees whose salaries or wages are within the respective limits stated, but employees at their option may subscribe for less than such maximum number of shares:

SUBSCRIPTIONS TO COMMON STOCK.

Employees receiving annual salaries of—	May subscribe for a maximum number of—	Employees receiving annual salaries of—	May subscribe for a maximum number of—
$637.50 or less	1 share.	$8,925.01 to $9,775.00	11 shares.
$637.51 to $1,416.66	2 shares.	$9,775.01 to $13,281.25	12 shares.
$1,416.67 to $1,893.33	3 shares.	$13,281.26 to $14,343.75	13 shares.
$1,983.34 to $3,187.50	4 shares.	$14,343.76 to $15,406.25	14 shares.
$3,187.51 to $3,895.83	5 shares.	$15,406.26 to $16,468.75	15 shares.
$3,895.84 to $4,604.16	6 shares.	$16,468.76 to $17,531.25	16 shares.
$4,604.17 to $6,375.00	7 shares.	$17,531.26 to $18,593.75	17 shares.
$6,375.01 to $7,225.00	8 shares.	$18,593.76 to $19,656.25	18 shares.
$7,225.01 to $8,075.00	9 shares.	$19,656.26 to $31,450.00	19 shares.
$8,075.01 to $8,925.00	10 shares.		

PAYMENTS FOR STOCK.

Fourth. Payment of subscriptions shall be in monthly installments, to be deducted from the salary or wages of the subscriber. The first deduction will be made from February salary or wages. No installment shall be less than $2 per share and shall not exceed one-quarter of any one month's salary or wages. Installments exceeding the minimum must be in even dollars. Payment for the stock must be completed within three years. Interest at 5 per cent per annum will be charged on deferred payments.

DIVIDENDS.

Fifth. Until payment of the subscription has been completed, any dividends paid on the stock subscribed for will be credited to the account of the subscriber as part of his payment. After the stock is issued to the subscriber, future dividends will go direct to him.

CANCELLATIONS—REFUND OF INSTALLMENTS.

Sixth. Subscriptions will be canceled for the following reasons:

(1) By request of subscriber.

(2) By (a) voluntarily leaving the service, or (b) being discharged for cause, or (c) failing to resume employment when requested. (See sec. 11.)

(3) By discontinuing payments without the consent of the corporation for three consecutive months.

The cancellation of a subscription forfeits all interest and benefits which the subscriber would have received if he had continued such subscription. There will then be returned to him the full amount of payments made on the subscription so canceled

with interest at 5 per cent per annum, no credit being given him for dividends or for the special allowance referred to in the third paragraph of section 7, and no interest being charged on deferred payments. A subscription may not be canceled in part.

SPECIAL BENEFITS.

Seventh. When the stock is fully paid for, it will be issued in the name of the subscriber. He may sell his certificate, but as an inducement for him to keep it while he remains in the service the following offer is made, viz:

If he will keep the stock and in January of each year, for five years, commencing with January, 1917, will exhibit the certificate to the treasurer of his company, together with a statement from a proper official that he has been continuously in the employ of the corporation or of one or another of its subsidiary companies during the preceding year, and has shown a proper interest in its welfare and progress, he will for each of such five years receive a cash payment at the rate of $5 a share for each share of common stock.

Subscribers who may not have fully paid their subscriptions by January in any year will, if their subscriptions are still in force, and they have otherwise fulfilled all the conditions of continuous and faithful service as provided, be credited in their subscription accounts with the foregoing special allowance of $5 per share on their subscriptions for common stock.

ADDITIONAL COMPENSATION.

Eighth. If a subscriber keeps his certificate and remains continuously in the service for five years, the corporation intends that he shall then receive a still further compensation, which can not now be ascertained or stated, but which will be derived from the following sources, viz:

The special allowances referred to in section 7, which, after a subscription is fully paid, are forfeited by (a) transfer of certificate from name of a subscriber, whether intentionally or otherwise; (b) voluntarily leaving the service, or being discharged for cause, or failing to resume employment when requested (see sec. 11), will be paid by the corporation into a special fund at the end of each year. This fund will be credited with interest at 5 per cent per annum and at the end of the five years' period the total amount thus accumulated will be divided into as many parts as shall be equal to the number of shares of common stock subscribed for hereunder and then remaining in the hands of subscribers who shall have continued in such employ for the whole five years. The corporation will then by its own final determination in its discretion award to each subscriber whom it shall find deserving thereof as many parts of such accumulated fund as he shall be entitled to on basis of the number of shares then held by him under this plan.

DEATH OR PERMANENT DISABILITY.

Ninth. If a subscriber dies or is permanently disabled while rendering faithful service during such five years' period, payments will be made to his estate or to him as follows:

(*a*) If his subscription is fully paid and he has received and not disposed of his certificate of stock, the corporation will pay a sum equal to $5 per share for each of the five years not then expired, and also a pro rata amount of the special fund arising from forfeitures, referred to in section 8 preceding, which may have accrued at the time of his death or disability.

(*b*) If his subscription has not been paid in full, the corporation will pay the money theretofore paid in by him on account, together with the dividends paid on the stock subscribed for, the special allowance for the entire five years' period, and a pro rata share of the amount of the special fund mentioned, less interest at 5 per cent per annum on deferred installments.

(c) If at time of decease or permanent disablement the subscription has been fully paid but certificate not yet delivered, the corporation will turn over the certificate, as first stated above, together with the additional payments mentioned in paragraph (a) preceding.

PENSIONED EMPLOYEES.

A pensioner will not be permitted to subscribe, but any subscriber who is subsequently pensioned may continue payments on his subscription, and when fully paid he will receive the certificate for the stock subscribed for and the payments referred to in paragraph (a) of section 9: *Provided, however*, That as soon as he shall have fully paid his subscription and received his certificate of stock, he will be treated as though permanently disabled, and payments will be made to him in accordance with provisions of paragraph (a), section 9.

BENEFICIARY.

Tenth. A subscriber may name in his subscription as beneficiary the person to whom in the event of his death he desires the corporation to pay all amounts in connection with his subscription which would otherwise be payable to his estate. The corporation, upon satisfactory proof of death under the conditions of the subscription, will pay to such beneficiary all amounts in connection with the subscription which would otherwise be payable to the estate of the subscriber. When such beneficiary has been named, the subscriber's estate shall have no claim to any such amounts, unless the beneficiary should die before the subscriber, and in that event payment will be made to the subscriber's estate. By written notice delivered to the treasurer of the company by which he is employed, a subscriber may substitute another beneficiary.

SUSPENSION OF EMPLOYMENT.

Eleventh. Subscribers whose employment has been suspended by reason of the temporary closing of a plant, and who shall continue ready and willing when required to resume their service, will not be deprived of the special allowance of $5 per share per year during such suspension, although they may have accepted employment during such suspension. As presumptive evidence of willingness to resume employment, the corporation will accept (1) from the holders of fully paid subscriptions the exhibition of the original certificate in January of each year, and (2) from the holders of partly paid subscriptions the retention by them of their subscription during the preceding year.

The above period of suspension will not be counted as part of the three years limited for the full payment of the subscriptions, and during such suspension monthly payments will not be required, though if so desired by the employee they may be continued.

In case of the death during such suspension of any such subscribing and continuing employee, his estate or his beneficiary will be entitled to the same benefits accruing to his subscription as if he had died while under employment.

Failure to present the original certificate as provided, or the withdrawal of a partly paid subscription, or the failure to resume employment when requested, will constitute a relinquishment of all benefits referred to in this circular.

Twelfth. Subscriptions will be received until January 29, 1916, and allotment made as soon thereafter as possible.

The following table shows the number employed and eligible to subscribe for stock, the proportion that took advantage of the opportunity offered, and the number of shares subscribed for, by years, [illegible] the inception of the plan in 1903:

TABLE 66.—NUMBER EMPLOYED AND ELIGIBLE, PROPORTION SUBSCRIBING, AND SHARES SUBSCRIBED FOR, BY YEARS, 1903 TO 1916.

Year.	Average number employed and eligible.	Subscribers.		Shares subscribed for.	
		Number.	Per cent of all employed and eligible.	Number.	Average per subscriber.
1903	168,127	26,339	15.7	47,551	1.8
1904	167,709	9,912	5.9	31,644	3.2
1905	147,343	8,494	5.8	18,180	2.1
1906	180,158	12,192	6.8	24,001	2.0
1907	202,457	14,163	7.0	27,150	1.9
1908	210,180	24,562	11.7	30,450	1.2
1909	165,211	19,123	11.6	33,347	1.7
1910	195,500	17,363	8.9	24,580	1.4
1911	218,435	26,313	12.0	48,411	1.8
1912	196,888	36,946	18.8	59,502	1.7
1913	221,025	35,460	16.4	60,344	1.7
1914	228,906	46,498	20.5	90,609	1.9
1915	179,353	(1)	(1)	(1)	(1)
1916	191,126	24,939	13.0	49,741	2.0

1 No stock was offered in 1915.

During the entire existence of the plan, the relative proportion of the total employed and eligible that subscribed for stock varied from 5.8 per cent in 1905, to 20.5 per cent in 1914, the average proportion subscribing having been slightly below 12 per cent. The average number of shares per subscription varied from 1.4 in 1910, to 3.2 in 1904, the highest since the plan was put into operation.

The table following shows for each year the class of stock offered, the subscription price, and the range of market quotations for this class of stock.

TABLE 67.—KIND OF STOCK OFFERED TO EMPLOYEES, SUBSCRIPTION PRICE, AND RANGE OF MARKET QUOTATIONS, BY YEARS, 1903 TO 1916.

Year.	Class of stock.	Subscription price per share.	Range of market quotations.	
			Lowest.	Highest.
1903	Preferred	$82.50	$86.250	$89.750
1904	Preferred	55.00	54.625	60.000
1905	Preferred	87.50	91.125	95.750
1906	Preferred	100.00	105.000	113.250
1907	Preferred	102.00	104.000	107.750
1908	Preferred	87.50	87.500	95.375
1909	Preferred	110.00	112.250	115.000
	Common	50.00	51.1250	55.125
1910	Preferred	124.00	121.250	125.375
1911	Preferred	114.00	116.250	120.000
	Common	70.00	71.375	80.000
1912	Preferred	108.00	110.125	111.500
	Common	65.00	62.875	69.875
1913	Preferred	109.00	102.500	110.750
	Common	66.00	49.875	69.125
1914	Preferred	105.00	106.500	112.750
	Common	57.00	50.500	67.250
1915 [1]				
1916	Common	85.00	[2] 79.875	[2] 89.000

1 No stock offered in 1915.

2 During January and February, 1916.

Annually from 1903 to 1908, inclusive, and in 1910, preferred stock only was offered to employees. During the years 1909 and 1911 to 1914, inclusive, common as well as preferred stock was offered. No offer was made for 1915. For 1916 an offer of common stock at $85 per share was announced.

On September 30, 1903, in view of the decline then occurring in the market value of the preferred stock of the corporation which fact might have excited apprehension of possible loss to the employees who subscribed for it under the offer of that year, the finance committee of the corporation issued to subscribing employees a circular letter to the effect that "the corporation will at any time during January and February, 1908, pay to every subscribing officer or employee who shall have retained his stock for the full period of five years * * * $82.50 per share for the stock, less the rebates and benefits he shall have been entitled to under the circular of 1903 (not including benefits received on account of the difference between interest and dividend, which he will in any event retain) provided he wishes to sell the stock for that price at that time."

The table following shows, by classified salary groups, the number of employees subscribing for stock during each year from 1903 to 1912.

TABLE 68.—NUMBER OF EMPLOYEES SUBSCRIBING FOR STOCK, CLASSIFIED ACCORDING TO ANNUAL SALARY, BY YEARS, 1903 TO 1916.

Year.	Number of subscribers whose salaries were—						Total subscribers.
	Under $800	$800 and under $2,500	$2,500 and under $5,000	$5,000 and under $10,000	$10,000 and under $20,000	$20,000 and over.	
1903	11,373	13,845	942	179	45	15	26,399
1904	4,126	5,094	514	135	31	12	9,912
1905	3,531	4,297	495	132	26	13	8,494
1906	5,070	6,277	641	156	31	17	12,192
1907	5,276	7,915	731	192	32	17	14,163
1908	9,098	14,302	903	203	36	20	24,562
1909	6,950	11,139	783	196	35	20	19,123
1910	5,923	10,344	844	201	32	19	17,363
1911	9,198	15,841	995	223	37	19	26,313
1912	15,349	20,096	1,215	234	34	18	36,946
1913	12,280	21,499	[1] 1,681	(2)	(2)	(2)	35,460
1914	15,295	29,290	[1] 1,943	(2)	(2)	(2)	46,498
1915 [3]							
1916	7,231	16,152	[1] 1,556	(2)	(2)	(2)	24,939

[1] Including those receiving $2,500 and over.
[2] Included in the group $2,500 and under $5,000.
[3] No stock offered.

The following table shows the per cent of the subscribers who received each classified amount of annual salary during each of the years from 1903 to 1916.

TABLE 69.—PER CENT OF TOTAL SUBSCRIBERS FOR STOCK RECEIVING EACH CLASSIFIED AMOUNT OF ANNUAL SALARY, BY YEARS, 1903 TO 1912.

Year.	Per cent of total subscribers whose salaries were—						
	Under $800	$800 and under $2,500	$2,500 and under $5,000	$5,000 and under $10,000	$10,000 and under $20,000	$20,000 and over.	Total.
1903	43.1	52.4	3.6	0.7	0.2	0.10	100.0
1904	41.6	51.4	5.2	1.4	.3	.10	100.0
1905	41.6	50.6	5.8	1.6	.3	.20	100.0
1906	41.6	51.5	5.3	1.3	.3	.10	100.0
1907	37.3	55.9	5.2	1.4	.2	.10	100.0
1908	37.0	58.2	3.7	.8	.1	.08	100.0
1909	36.3	58.3	4.1	1.0	.2	.10	100.0
1910	34.1	59.6	4.9	1.2	.2	.10	100.0
1911	35.0	60.2	3.8	.8	.1	.07	100.0
1912	41.5	54.4	3.3	.6	.1	.05	100.0
1913	34.5	60.6	[1] 4.7	(2)	(2)	(2)	100.0
1914	33.0	62.8	[1] 4.3	(2)	(2)	(2)	100.0
1915 [3]							
1916	28.9	64.9	[1] 6.2	(2)	(2)	(2)	100.0

[1] Including those receiving $2,500 and over.
[2] Included in the group $2,500 and under $5,000.
[3] No stock offered.

The table following shows for each year since 1903 the number of shares of stock allotted to employees in each specified salary group.

TABLE 70.—NUMBER OF SHARES OF STOCK ALLOTTED TO EMPLOYEES IN EACH CLASSIFIED SALARY GROUP, BY YEARS, 1903 TO 1916.

Year.	Class of stock.	Number of shares allotted to subscribers whose annual salaries were—						
		Under $800	$800 and under $2,500	$2,500 and under $5,000	$5,000 and under $10,000	$10,000 and under $20,000	$20,000 and over.	Total.
1903	Preferred	12,844	28,203	4,688	1,232	396	188	47,551
1904	Preferred	8,701	15,709	4,045	1,982	735	472	31,644
1905	Preferred	4,512	9,921	2,228	890	372	257	18,180
1906	Preferred	5,610	13,641	2,884	1,170	352	344	24,001
1907	Preferred	6,058	16,051	3,026	1,312	365	338	27,150
1908	Preferred	9,369	17,392	2,296	922	251	220	30,450
1909	Preferred	5,264	11,161	783	474	154	124	17,960
	Common	2,574	7,377	3,444	1,256	358	376	15,387
1910	Preferred	5,923	14,122	2,715	1,196	323	301	21,580
1911	Preferred	5,783	12,012	1,065	316	104	50	19,330
	Common	5,008	17,574	3,826	1,798	459	416	29,081
1912	Common	7,154	17,805	3,667	1,443	339	327	30,735
	Preferred	10,079	17,450	2,144	667	166	113	30,619
1913	Preferred, Common	13,661	36,557	[1] 9,284	(2)	(2)	(2)	59,502
1914	Common, Preferred	18,465	59,310	[1] 12,834	(2)	(2)	(2)	90,609
1915 [3]								
1916	Common	8,872	31,635	[1] 9,234	(2)	(2)	(2)	49,741

[1] Including shares of all receiving $2,500 and over.
[2] Included in salary group $2,500 and under $5,000.
[3] No stock offered.

The next table shows what proportion of the total shares of stock allotted to employees was subscribed for by those in each salary group.

TABLE 71.—PER CENT OF TOTAL SHARES OF STOCK ALLOTTED TO EMPLOYEES IN EACH CLASSIFIED SALARY GROUP, BY YEARS, 1903 TO 1916.

Year.	Class of stock.	Per cent of total shares allotted to subscribers whose annual salaries were—						Total.
		Under $800	$800 and under $2,500	$2,500 and under $5,000	$5,000 and under $10,000	$10,000 and under $20,000	$20,000 and over.	
1903	Preferred	27.0	59.3	9.9	2.6	0.8	0.4	100.0
1904	Preferred	27.5	49.6	12.8	6.3	2.3	1.5	100.0
1905	Preferred	24.8	54.6	12.3	4.9	2.0	1.4	100.0
1906	Preferred	23.4	56.8	12.0	4.9	1.5	1.4	100.0
1907	Preferred	22.3	59.1	11.1	4.8	1.3	1.2	100.0
1908	Preferred	30.8	57.1	7.5	3.0	.8	.7	100.0
1909	Preferred	29.3	62.1	4.4	2.6	.9	.7	100.0
	Common	16.7	47.9	22.4	8.2	2.3	2.4	100.0
1910	Preferred	24.0	57.5	11.0	4.9	1.3	1.2	100.0
1911	Preferred	29.9	62.1	5.5	1.6	.5	.3	100.0
	Common	17.2	60.5	13.2	6.2	1.6	1.4	100.0
1912	Common	23.3	57.9	11.9	4.7	1.1	1.1	100.0
	Preferred	32.9	57.0	7.0	2.2	.5	.4	100.0
1913	Preferred Common	23.0	61.4	[1] 15.6	([2])	([2])	([2])	100.0
1914	Common Preferred	20.4	65.5	[1] 14.2	([2])	([2])	([2])	100.0
1915[3]								
1916	Common	17.8	63.6	[1] 18.6	([2])	([2])	([2])	100.0

[1] Including shares of all receiving $2,500 and over.
[2] Included in salary group $2,500 and under $5,000.
[3] No stock offered.

The extent to which the lower-paid employees, presumably those engaged in the processes of manufacturing, have benefited by this plan may be inferred from the figures shown in Tables 70 and 71. Since the inception of the plan, in 1903, the relative proportions of the total numbers of shares allotted annually to employees earning less than $800 per year varied from about one-third (32.9 per cent) of the preferred-stock allotment of 1912 to less than one-fifth (16.7 per cent) of the common-stock allotment of 1909.

The tables show that the bulk of the allotted stock went to employees with an earning capacity of $800 and under $2,500 per year, this group, embracing presumably the better grades of the manufacturing, clerical, and supervisory forces of the organization, having been allotted annually from one-half to three-fifths of the total number of shares.

The same tables show that whenever common and preferred stock was offered, employees earning less than $800 per year preferred the latter to the former, while the opposite seems to have been true of the better-paid employees, the latter preferring usually the common stock of the company.

During the years 1903 to 1916 the proportions that were allotted to employees earning between $2,500 and $5,000 per year varied from 22.4 per cent of the common-stock allotment of 1909 to 4.4 per cent of the preferred-stock allotment of the same year.

BENEFITS OF THE PLAN TO SUBSCRIBING EMPLOYEES.

The various bonuses paid by this company constituted a considerable inducement to subscribe for stock. Thus, a subscriber under the series of 1903 who remained in the service of the company until the end of the series—1908—received per share purchased in 1903 at $82.50 the following bonuses:

(1) Dividends (5 years at $7)	$35.00
(2) Annual bonuses (5 years at $5)	25.00
(3) Pro rata share in special fund at end of series	[1] 62.50
Total	122.50

Assuming a charge of $5 per share as interest on the deferred payments, the net gain to the subscriber of the series of 1903 was $117.50, an average of 28.5 per cent per year on the original investment of $82.50.

In 1910 the pro rata amount per share in the special fund of series of 1905 was $16.80, the aggregate net gain per share (including dividends and bonus) having been $71.80; allowing a charge of $5 per share as interest on deferred payments, the net gain per share in the series of 1905 amounted to 16.4 per cent per annum on the original investment of $87.50. A subscriber of the series of 1907 (terminating in 1912) received 15.2 per cent per annum on his original investment of $102.

Computed as a percentage of the employees' earnings during the period covered by a series—5 years—the total gains in the case, for instance, of an employee earning $800 per year, amounted to: Series terminating in 1908, 6.1 per cent; in 1910, 3.8 per cent; in 1912, 3.9 per cent. Percentage gains on the earnings of subscribing employees approximating closely that of the latter series resulted from the operation of the plan in the series that terminated in 1913, 1914, and 1915.

CASH BONUS PLANS BASED UPON LENGTH OF SERVICE.

GENERAL NATURE OF PLANS.

The term "profit sharing" has frequently been used to denote plans involving more or less systematic annual distributions of cash bonuses in the form of a fixed percentage on earnings, varying with the length of continuous service of individual employees. The theory underlying the majority of such plans is the recognition by employers of the fact that the longer a person remains in the continuous service of the firm the greater is the value of his services.

[1] This unusually large amount was caused by the large number of cancellations during series, due mostly to: (a) Large number of employees dismissed in 1904 on account of the business depression in the industry; (b) reduction in wages made in 1904 that made it difficult for many employees to continue payments.

As in most of the plans described in the preceding sections of this report, the extra payments made to employees under these plans bear no direct relation to individual efficiency, and are purely voluntary on the part of the employer, the latter reserving to himself the right to discontinue them at will and without notice. The bonuses paid are in the majority of instances fixed in advance and do not vary with the profits of the business, employers considering the extra expense involved in the payment of these bonuses a part of their labor cost.

In the great majority of the plans under discussion the only prerequisite for participation is a minimum length of continuous service, varying from three months (the lowest), in a very few instances, to five years (the highest), the average being about one year. The longer the service the larger the bonus percentage paid. In every instance, the bonuses under these plans are paid in cash and forfeited amounts revert to the company.

The text of a plan as prepared by a certain company and promulgated among its shop employees in the form of a circular follows. It embodies all of the features common to such plans:

The company recognizes that the longer a person remains in the continuous service of the company, the greater is the value of his services to it, and in view of this fact, and in order that he may himself benefit by such continued service, we have decided upon a system of extra payments to be made depending upon the length of time which the employee remains with us. These extra payments will date from May 1, 1915, and will apply to all employees on the shop roll in the service of the company on that date, and to those who may thereafter be so employed, as follows:

To each employee who shall have remained continuously in the company's service for a period of three months, there will at the expiration of such period be paid an amount equal to 3 per cent of his total earnings during the said three months' period.

To each employee who shall have remained continuously in the company's service for a period of six months, there will be paid an amount, at the expiration of such period, that, after deducting the amount already paid for the three months' period, will equal 6 per cent of his total earnings during the six months' period.

To each employee who shall have remained continuously in the company's service for a period of nine months, there will be paid to him an amount, at the expiration of such period, that, after deducting the amount already paid for the three and six months' periods, will equal 9 per cent of his total earnings during the nine months' period.

To each employee who shall have remained continuously in the company's service for a period of one year, there will be paid to him an amount that, after deducting the amount already paid for the three, six, and nine months' periods, will equal 12 per cent of his total annual earnings.

These extra payments will be paid each year during the employee's continuous service with the company, until further notice, on the above basis, except that at the end of the second year of continuous service on the part of the employee, a further bonus will be paid in such an amount as to make the total for the year equal to 15 per cent of the employee's earnings during that year.

Leaving the company's employ or being absent from duty without permission, or without a good and sufficient reason, will operate to cancel the obligations of the company herein set forth toward the employee. Absence on account of sickness or other unavoidable causes will not operate to deprive the employee of the benefits of this plan.

We wish to point out that these percentages are calculated on the total earnings of the employee during the periods indicated and are not based upon the hourly rate.

The company reserves the right to modify or terminate this arrangement upon due notice being given, but such notice shall not affect any employee who has been employed prior to such notice until his two years of service shall have expired.

Firms having such plans in operation are very numerous. In view, however, of the fact that these plans may not properly be classified as involving the principle of profit sharing—the main subject of this report—no effort was made to compile a complete list of such plans in operation in the United States at the present time.

ANALYSIS OF WORKING OF A SELECTED GROUP OF CASH BONUS PLANS.

For the purpose of comparing the results of the operation of these plans with those of plans involving the application of the principle of profit sharing, namely, extent of application, benefits to employees, cost to employer, etc., the results of the working of a representative group of such plans are herewith presented.

Extent of Participation.

The extent to which employees in a selected group of 22 of these establishments participated is shown in the following table:

TABLE 72.—CLASSIFIED PERCENTAGE OF TOTAL EMPLOYEES PARTICIPATING DURING ONE REPRESENTATIVE YEAR IN 22 ESTABLISHMENTS.

Classified percentage of total employees participating.	Number of establishments.
5 and under 10	1
20 and under 40	2
40 and under 60	5
60 and under 80	5
80 and over	9
Total	22

In over four-fifths of the establishments in this group the proportion of the total employees that received cash bonuses at the end of one representative year was 40 per cent or more. In almost two-thirds of the establishments 60 or more per cent of all the employees participated.

Benefit Accruing to Employees.

Below is given a summary table showing the benefits that accrued to the employees under these plans during one representative year:

TABLE 73.—NUMBER OF ESTABLISHMENTS GRANTING EACH CLASSIFIED PER CENT OF WAGES AS BONUS TO EMPLOYEES DURING ONE REPRESENTATIVE YEAR.

Classified percentage of wages granted as bonus.	Number of establishments.
2 and under 4	2
4 and under 6	2
6 and under 8	4
8 and under 10	5
10 and under 15	7
15 and under 20	1
20 and under 30	1
Total	22

Only one establishment paid a bonus exceeding 20 per cent of the regular earnings of its employees. In 9 of the establishments the bonus percentage paid was 10 per cent or more. In over four-fifths of all the percentage paid on the earnings of the participating employees was more than six.

Cost of Plans to Employees.

The cost to the employers of operating these plans in terms of percentage of the total pay roll is shown below:

TABLE 74.—COST OF BONUS PLANS TO 22 EMPLOYERS IN PER CENT OF TOTAL PAY ROLLS FOR ONE YEAR.

Classified per cent of pay rolls.	Number of establishments.
Under 1	2
2 and under 4	2
4 and under 6	8
6 and under 8	5
8 and under 10	1
10 and under 15	4
Total	22

In four instances the cost of the plans to the employer amounted to 10 per cent or more of total pay roll. In over one-half of the establishments it was less than 6 per cent.

Occupations of Participants.

The number and per cent of employees that received bonuses during the year under discussion are shown below in occupation groups:

TABLE 75.—NUMBER AND PER CENT OF PARTICIPATING EMPLOYEES IN EACH OCCUPATION GROUP.

Occupation group.	Participating employees.	
	Number.	Per cent.
Executive	415	3.2
Clerical	770	5.9
Manufacturing and all others	11,876	90.9
Total	13,061	100.0

Over four-fifths of the beneficiaries under these plans were engaged in occupations other than executive or clerical; that is, were engaged in a mechanical or manual way in the actual processes of manufacturing or distribution.

MISCELLANEOUS PLANS.

A SO-CALLED COOPERATIVE WAGE SYSTEM.

In August, 1911, the management of a certain company put into effect a so-called cooperative wage plan as representing its policy in determining the rates of wages of its trainmen—motormen and conductors. Under this plan approximately 22 per cent of the gross passenger receipts of the company is set aside in a separate fund for use in payment of wages, pensions, and death benefits to the trainmen engaged in the passenger service.

Many increases in the rates of wages of motormen and conductors have been made since the plan was put into operation. The following table shows the scale of hourly rates of wages adopted at each specified date, attributable to the operation of the plan.

TABLE 76.—CHANGES IN SCALE OF WAGES SINCE 1911.

Scale made effective—	Beginner's rate (per hour).	Rate per hour after a service of—				
		1 year.	2 years.	3 years.	4 years.	5 years.
	Cents.	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*
June 5, 1911 (in settlement of 1910 strike)	22	23	23	23	23	23
July 1, 1911	22	23	23½	23½	23½	23½
Jan. 1, 1912	22	23	23½	24	24	24
July 1, 1912	22	23	23½	24	24½	25
Jan. 1, 1913	22½	23½	24	25	26	27
May 1, 1913	23	24	25	26	27	28
July 1, 1913	24	25	26	27	28	29
Sept. 1, 1913	25	26	27	28	29	30

A PLAN BASED ON PRICE OF PRODUCT.

A company engaged in the mining of copper has had in operation since 1914 a method for the determination of wages for its mining force which is sometimes improperly termed profit sharing. Under this plan the wage paid per day depends wholly upon the price per pound that the extracted copper is sold for, this price being "the average price for each month" as reported by the Mining and Engineering Journal.

The plan establishes a minimum wage of $3.50 per day, based upon a price of 13.99 cents or less per pound for copper. With increases in the price of copper corresponding increases in the wage per day are automatically effected. The following table shows this sliding scale of wages and the minimum and maximum per day that may be reached.[1]

TABLE 77.—SCALE OF WAGES.

Price of copper per pound (cents).	Wage per day.	Price of copper per pound (cents).	Wage per day.
13.99 and under	[1] $3.50	20.00 to 20.99	$4.40
14.00 to 14.99	3.65	21.00 to 21.99	4.50
15.00 to 15.99	3.75	22.00 to 22.99	4.65
16.00 to 16.99	3.90	23.00 to 23.99	4.75
17.00 to 17.99	4.00	24.00 to 24.99	4.90
18.00 to 18.99	4.15	25.00 and over	[2] 5.00
19.00 to 19.99	4.25		

[1] Minimum. [2] Maximum.

Thus it may be seen that, depending upon the price of copper, the plan establishes a minimum of $3.50 and a maximum of $5 per day.

Under this plan, at the end of 1915, when the price of copper mounted to 27 cents per pound, the wage per day of the miners was automatically put at $5.

BONUS PLAN OF SUGAR PLANTATIONS OF HAWAII.

A plan providing for a sliding scale of bonuses has been in operation in many sugar plantations on the Hawaiian Islands since January 1, 1912. In April, 1916, it was decided by the planters of the territory that in view of the unusual prosperity brought about by the continuance of the war in Europe and the consequent high prices of sugar, that the laborers should participate more largely in the prosperity of the industry. The planters therefore adopted a more liberal bonus system than that of 1912, the essential features of which are shown below.

[1] A method of wage payment strikingly similar to the one of this company is provided for in many of the collective agreements between the employers and the Amalgamated Association of Iron, Steel, and Tin Workers.

SLIDING SCALE BONUS.

(Amended as of Apr. 1, 1916.)

FIRST. AMENDMENTS TO SLIDING SCALE BONUS.

The sliding scale bonus plan adopted by the plantations January 1, 1912, shall be amended to read and be as hereinafter set forth.

The current bonus period from November 1, 1915, to October 31, 1916, will be divided into two parts. The first will include the five months to April 1, 1916, for which the bonus will be settled October 31, 1916, according to the schedule heretofore existing. For the remaining seven months from April 1, 1916, to October 31, 1916, the bonus will be based upon the schedule hereinafter set forth. Thereafter the bonus period will be for the 12 months to end October 31 in each year until further notice.

SECOND. DETERMINATION AND BASIS OF BONUS.

(A) The bonus shall be based on the average of the daily New York market price for 96° centrifugal raw sugar, duty paid, for the year, as reported to the Hawaiian Sugar Planters' Association by ——— ———, of New York.

(B) If the New York market price for 96° raw sugar averages for the year 3.55 cents per pound—$71 per ton—laborers shall receive a bonus at the rate of 1½ per cent of their wages or earnings as hereinafter set forth, and for every dollar per ton increase over said $71 per ton the bonus will be increased 1½ per cent, as follows:

Market price per pound.	Market price per ton.	Bonus.	Market price per pound.	Market price per ton.	Bonus.
Cents.	*Dollars.*	*Per cent.*	*Cents.*	*Dollars.*	*Per cent.*
3.55	71	1.5	4.80	96	39.0
3.60	72	3.0	4.85	97	40.5
3.65	73	4.5	4.90	98	42.0
3.70	74	6.0	4.95	99	43.5
3.75	75	7.5	5.00	100	45.0
3.80	76	9.0	5.05	101	46.5
3.85	77	10.5	5.10	102	48.0
3.90	78	12.0	5.15	103	49.5
3.95	79	13.5	5.20	104	51.0
4.00	80	15.0	5.25	105	52.5
4.05	81	16.5	5.30	106	54.0
4.10	82	18.0	5.35	107	55.5
4.15	83	19.5	5.40	108	57.0
4.20	84	21.0	5.45	109	58.5
4.25	85	22.5	5.50	110	60.0
4.30	86	24.0	5.55	111	61.5
4.35	87	25.5	5.60	112	63.0
4.40	88	27.0	5.65	113	64.5
4.45	89	28.5	5.70	114	66.0
4.50	90	30.0	5.75	115	67.5
4.55	91	31.5	5.80	116	69.0
4.60	92	33.0	5.85	117	70.5
4.65	93	34.5	5.90	118	72.0
4.70	94	36.0	5.95	119	73.5
4.75	95	37.5	6.00	120	75.0

And so on in like proportion.

THIRD. LABORERS ENTITLED TO BONUS.

(A) *Day-wage laborers and short-term contractors.*—(1) All laborers on a day-wage basis receiving wages of $24 per month and under and all short-term contractors shall be entitled to a bonus provided they work, in the case of men, not less than 20 days per calendar month, and in the case of women, not less than 15 days per calendar month.

(2) To these laborers 20 per cent of their monthly earnings shall be paid monthly on account of the annual bonus due October 31, and if they shall thereafter continue in the employ of the same plantation until the end of the bonus period they shall then be paid the balance of the bonus, if any.

(B) *Cultivating contractors.*—(1) Cultivating contractors shall be paid a bonus on the basis of wages at the rate of $24 per month of 26 days in the case of men, and $18 per month in the case of women, provided they work not less than 20 days in any calendar month in the case of men and 15 days in any calendar month in the case of women.

(2) To these cultivating contractors, 20 per cent of their monthly wage, calculated on the above basis, shall be paid monthly on account of the annual bonus due October 31, and the balance of the bonus, if any, shall be paid at the end of the bonus period.

FOURTH. CONTRACTS BASED ON PRICE OF SUGAR.

None of the above provisions in regard to the payment of bonus shall apply to the contractors whose contracts are settled according to the price of sugar.

FIFTH. SETTLEMENT PERIODS AND PARTICIPATION.

The first settlement under this amended bonus shall be made on the May, 1916, pay day for the months of April and May.

All laborers entitled to a bonus, who are working on a plantation on October 31, shall be paid the full amount of the bonus for each and every month of the bonus period during which they have worked on such plantation 20 days per calendar month in the case of men and 15 days per calendar month in the case of women, less what they have received as a monthly advance as hereinabove provided.

If the laborer shall have been excused from work by the manager because of physical disability, or other good reason, the loss of time caused thereby shall not be construed to deprive him of the entire amount of the bonus, but he shall be entitled to a proportion of the same for the number of days work performed.

In addition, the various plantations have adopted a different schedule of bonus to be applied to skilled laborers (from manager down), the directors of one of the largest plantations having decided to pay a bonus of 20 per cent on the earnings of 1916 to this class of employees. No conditions are attached to this bonus as to the number of days to be worked, nor is it regulated by the price of sugar. In other words, no matter what the price of sugar may be during the year, every skilled employee on this plantation will receive for 1916 a bonus of 20 per cent on his earnings.

ANOTHER SO-CALLED COOPERATIVE WAGE SYSTEM.

The cooperative wage system of a certain company was put in operation in 1911. It is a plan for equally distributing between employer and employees the savings collectively effected in labor costs, either through the increased efficiency of labor itself or the introduction of improved machinery or improved methods of work. The plan requires the division of the several shops into departments, each department being made a cooperating unit. Every member of the organization in each department, from foreman to errand boy, *inclusive,* is employed under this plan.

With each cooperative department an account is opened which is known as the departmental cooperative wage account. To this account is charged the actual labor cost in the department for work finished during the week. To this amount is added the proportionate indirect labor expense of the department for the same period. The account is at the same time credited with the "standard labor value." It needs to be stated that every operation on each item of product is given a standard labor value, which is carefully determined before the first order for work on a part is issued to the shops. These values include allowances for both direct and indirect labor costs of the product. Once set, the standard labor values remain unchanged regardless of the savings subsequently effected because of increased efficiency of labor itself, of the introduction of new machinery, or of any other reason.

The difference between the actual expenditure for labor on the total product of the department and the corresponding labor value taken at standard labor rates, when the former is less than the latter, indicates a saving due to increased efficiency in the department. It is this saving which is then divided equally between the company and its employees.

The employees' share of the saving is apportioned to them on the basis of their earnings during the period in which the saving is made. It is the practice to place a statement before the employees once each week setting forth the exact facts concerning the saving. The results of the working of the plan in one of the departments in 1915 is shown below:

Erecting and testing department, 1915.

Standard labor value of product completed during the year, as per detailed schedules on file with foreman	$47, 618
Actual expenditure for wages charged direct to said orders and proportionate expenditure for indirect labor charges for the year; foreman, shop laborers, tool repairs, etc	30, 172
Difference being saving effected on product completed during the year	17, 446
One-half of the saving is	8, 723
The actual pay roll of the department for the year is	30, 172
The bonus percentage for cooperative effort, which bonus is to be added to each man's wages for the year is	28.8 per cent.
(Participated in by all of the employees of the department—54.)	

The introduction of the cooperative wage system into departments which had been operating on piecework and individual bonus schemes required the rerating of all employees in such departments on a day-wage basis which guaranteed returns equal to those secured previous to the introduction of the plan and which also gave a correspondingly just basis for the distribution of savings effected by the organization as a whole. Such action showed the workmen that

the change was made in the spirit of fairness and that the company, even before the results justified such action, placed confidence in its individual employees to make a success of the new plan.

Standard labor rates on all product of the shops which had been made previous to the installation of the cooperative wage system were figured at actual labor cost as of the date when the cooperative wage system went into effect. Standard labor rates for all new work placed in the shops subsequent to the installation of the cooperative wage system are figured by an experienced mechanic, who in setting these rates bases them on labor costs such as are to be expected in the best of competitive shops.

DISCONTINUED PLANS.

A number of inquiries were addressed to employers who were known as having had profit-sharing plans in operation in the past. The following were given by 26 of them as the causes for discontinuance of their respective plans: (1) Plan didn't satisfy employees, 8; (2) men went out on strike, 5; (3) men preferred increase in pay, 5; (4) plan did not increase interest or efficiency of employees, 4; (5) plan benefited undeserving employees, 2; (6) plan did not tend to increase the stability of the force, 1; (7) general upward trend of wages and competition, 1. Thus from the reasons given for the discontinuance of the plans it may be inferred that the above-mentioned phenomena were not expected to occur with the principle of profit sharing in operation and that their occurrence made its further application unwise.

Mr. W. W. Nearing, vice president of the Pejepscot Paper Co., of Brunswick, Me., writes:

> Briefly, would say that we tried at our mills a number of years ago a system which consisted in arriving at the profits for the year, deducting 6 per cent on the capital employed, and consider the balance profits on the business operation, part of which was set aside as a labor dividend. The trial was simply preliminary to try to work something out of it and was fairly satisfactory as long as the profits warranted a substantial return to labor; but in off years, when it did not yield as much, it caused so much dissatisfaction and ill feeling that we decided to abandon it.

Mr. Thomas Elder, of the Elder & Johnston Co., merchants of Dayton, Ohio, describing the experiences of the company in profit sharing, concludes:

> Up to the present time, nowever, we have not found any plan that works satisfactorily to both the employees and the employer. In the first place, in season of prosperity, when the profits and earnings were [illegible] employes thought it a fine thing; but in the off years, when [illegible] earnings were reduced by business depressions or some

other causes which come to all business concerns, the employee could not see any advantage, and it always resulted in dissatisfaction.

Another informant, one of the executive officers of the Austin H. Perry Co., of Haverhill, Mass., states:

We made two distributions and, as the number participating in the distribution increased the second year, which necessarily made the amount received by each individual decrease, we found that there was a great deal of dissatisfaction; and we felt, for the interest of our business, that it would be better for us to discontinue the profit-sharing plan.

The profit-sharing plan in operation in the printing establishment of the Wright & Potter Co., of Boston, Mass., was discontinued on account of its being "entirely unsatisfactory, because it applied only to certain favored ones—journeymen and printers only—thereby causing so much complaint and friction that the company abandoned all efforts in that direction after trying the same either one or two years."

A profit-sharing plan in operation some years ago in the wholesale dry-goods establishment of the E. Guthrie Co., of Paducah, Ky., was abandoned because "it was found that the employees did not appreciate the plan and took very little interest in it."

The Peacedale Co., manufacturers of woolens, of Peacedale, R. I., abandoned its profit-sharing plan because "it was found that it did not satisfy the employees."

The following firms abandoned profit-sharing plans because of the fact that their employees struck: S. M. Jones Co., Toledo, Ohio; the Rogers Peet Co., New York, N. Y.; Parsons Paper Co., Holyoke, Mass.; Brewster & Co., carriage makers, New York, N. Y.; Driver-Harris Ware Co., Harris, N. J.

The Columbus Railway & Lighting Co., of Columbus, Ohio; the Thomas G. Plant Co., shoe manufacturers, Boston, Mass.; the C. G. Conn Co., manufacturers of musical instruments, of Elkhart, Ind.; the New England Granite Works, of Westerly, R. I., and the Washington (D. C.) Railway & Electric Co., abandoned their respective plans because the employees insisted upon increases in wages.

The Theo. L. De Vinne Co., printers, of New York, N. Y., abandoned their plan because same did not prove to be "an incentive to increased efficiency." For similar reasons the profit-sharing plans of Spratt's Patent (America) (Ltd.) Co., of Newark, N. J., and of the Hoffman & Billings Co., of Milwaukee, Wis., were abandoned.

The Saugerties Manufacturing Co., of Saugerties, N. Y., and the John T. Connor Co., importers and wholesale grocers, of Boston, Mass., give as the reason for the discontinuance of the system of sharing of profits with their employees the fact that "it was considered that many profited who were not entitled to it."

Mr. Rodney E. Ross, treasurer of the Hyde Windlass Co., manufacturers of steel gears and brass castings, of Bath, Me., gives as the reason for the abandonment of their profit-sharing plan "the general upward trend of wages during the years immediately preceding the abolishment of the profit-sharing plan."

About 25 years ago Mr. A. Reinle, then the sole proprietor of the Reinle-Salmon Co., manufacturers of showcases and fixtures, of Baltimore, Md., introduced a profit-sharing system among a limited number of his employees, determined by service and responsibility. Under this system approximately 50 per cent of the profits of the firm was distributed among the participants. As the business grew and developed, Mr. Reinle realized that his share of the profits was being absorbed by improvements and extensions of the business, while the profit-sharing employees received their share in cash. He became convinced that those who were receiving or participating in the profits of the business should also assume the risk incident to the business. Accordingly, a corporation was formed in 1903, and approximately 60 per cent of the stock was distributed to the heads of the departments and others, with the understanding that same was to be paid for out of the dividends accruing until the par value had been paid.

Since 1903 no stock distribution of any sort has taken place. On January 1, 1916, about one-fifth of the total employed (about 100) were interested in the company as stockholders. Of this number six (officers of the company) own about 80 per cent of the stock, the remaining employees who are stockholders holding from one to five shares each. Mr. Reinle, the founder of the business and its present general manager, thinks that although the plan enabled some of the executive employees to make considerable amounts of money, the business has suffered on account of lack of harmony; somehow or other "an employee stockholder is an employee first and a stockholder second." In managing the business Mr. Reinle finds great difficulty in manipulating the services of his important employees, all stockholders, because "most of them refuse to enter into any esprit de corps and lack business knowledge to grasp the situation."

In 1914 the Miami Copper Co., of New York City, employing about 1,000 people, announced for the benefit of employees a plan of stock subscription in line with plan designated as No. 4, on page 148 of this report. This plan, however, was abandoned within less than one year, because "only 40 of a total of 1,000 participated, and the plan entirely failed to benefit those men whom it was primarily designed to benefit, namely, the wage earners, practically all those subscribing being salaried men."

EXTENT TO WHICH OBJECTS SOUGHT BY ESTABLISHMENT OF PROFIT-SHARING PLANS HAVE BEEN REALIZED.

The principal objects of the establishment of the profit-sharing plans described in this report were stated by the employers to be as follows: (1) To stimulate the elimination of waste and to foster economy, (2) to increase efficiency, (3) to stabilize the working force, and (4) to improve relations between the management and its employees.[1]

One of the interviewed employers, a leader and advocate of profit sharing in New England, stated that the object of profit sharing is "to furnish additional stimuli for increased efficiency in establishments where piecework or any other efficiency method, for some reason or another, can not successfully be applied." Accordingly, the application of the profit-sharing principle is "undesirable and unwise where more direct stimuli, such as bonuses on individual efficiency or output, may be applied." A strikingly similar point of view, seemingly prevalent among most of the profit-sharing employers, is presented by the vice president of the Executives' Club of Detroit in an article entitled, "Where profit sharing fails and where it succeeds."[2] The author says:

Considered merely as a stimulus to increased production and greater net gain, profit sharing is of particular value in plants where (1) individual efficiency can not yet be exactly measured, or where, (2) much work is done far away from supervision, or where (3) longevity of service is necessary to preserve the quality of the product or to guard trade secrets, or where (4) a supplement to the wage system promoting individual efficiency is needed to minimize plant waste. In other cases, where the motives are merely practical, better results are obtained by improvements in working conditions, by increases in wages, and by the payment of these increases upon the basis of individual efficiency.

One employer stated that "the purpose of the employees' profit-sharing fund is not alone to enable each employee to share in a proportion of the net profits earned by the firm, but also to be an additional incentive for each employee to give the maximum of service to the firm."

An employer in New England with a profit-sharing plan in operation for the benefit of his executive, supervisory, and sales people gives as the reason for the introduction of his plan the fact that the plan "places the responsibility of maintaining a wise management upon the principal workers and offers them a reward commensurate with their collective and individual efforts, but makes this reward fully contingent upon their performing their whole obligation.

[1] On page 166 of this report additional light is thrown on the reasons that prompt employers in the initiation of profit-sharing schemes by an examination of the causes specified by some employers as having been responsible for the discontinuance of plans known to have been in operation in their establishments.

[2] The System Magazine, March, 1916.

It offers to the present capital owners a property whose permanent value is trebly safeguarded and whose return is practically as certain as the return on a bond."

Of all the interviewed employers only three stated that the main object of their respective plans was to furnish "an equitable distribution of the profits of the undertaking, as a matter of justice, irrespective altogether of hopes for increased efficiency." The correctness of these reasons is substantiated by the fact that their plans are unusually liberal to the employees, two of them distributing all their profits over and above what is thought to be a moderate return on their investments, and the third, one-third of all the net profits. One of the first two gave as the reason for the existence of his plan the fact that he was the owner of more property than he needed, that as this property was created in the business, through the efforts of his employees, he now wanted them to have the benefit of it.

As the immediate cause for the launching of their plans most of the informants gave the fact that they had learned from fellow employers and periodicals that such plans worked well and in the interest of all concerned.

In order to discover the precise extent to which the hopes of employers in the establishment of the plans were realized, they were asked to state the result as to—

(1) Improvement of relations with their employees;

(2) Increase of permanency of their working force, and

(3) Increase of efficiency.

The following represent a summary of their statements.

IMPROVEMENT OF RELATIONS BETWEEN EMPLOYERS AND EMPLOYEES.

The consensus of opinion, almost unanimous, seems to be that the plans did have a very decided tendency to establish more satisfactory relations between employer and employee. This seems to be particularly true of establishments where the profit-sharing plans have been in operation for a considerable length of time. Under the influence of the plans, employers report, a sort of esprit de corps developed. The plans, they further say, make the employees realize that their employers are treating them fairly and squarely.

INCREASED PERMANENCY OF WORKING FORCE.

All of the informants without exception were also of the opinion that the establishment of the plans had a tendency to reduce the percentage turnover of their working organization. One of the employers describes this effect as follows: "It works precisely like an increase in wages, but is more valuable because the employee, in order to receive his share, has to wait till the end of the distribution period, a fact that makes him hesitate before quitting which would naturally involve the forfeiting of his share in the profits." Another

employer emphatically states that his "valuable help would certainly have been stolen had the plan not been in operation." Still another, whose plan has been in operation since 1899, and paid profit-sharing dividends ranging from 50 to 100 per cent of earnings, states that his working force "is rather permanent now, more so than in the years gone by; we attribute this fact to the plan." The general manager of another establishment thinks that "the company has positive proof that its skilled help is far more permanent now, and because of the plan." "We have noticed a great improvement in the quality and permanency of our force since the plan was put into operation," writes another.

INCREASED EFFICIENCY.

Although substantially agreeing that the plans have greatly improved their relations with the employees and contributed considerably to the stabilization of their working force, employers disagree greatly as to the results achieved with reference to increasing the individual or collective efficiency of the participating employees. In all, only three of them stated definitely that this has been the result. All of these have paid unusually high profit-sharing dividends to their employees in the past. "The plan," says one of these employers, "developed the individual sense of responsibility, increased thrift, and increased efficiency." It should be noted, as throwing some light on this opinion, that under the plan in operation in this establishment since 1903 profit-sharing dividends ranging from 16 to 24 per cent of the annual earnings of the participants were paid. Another employer under whose plan unusually large shares of profits were paid—shares ranging from 50 to 100 per cent of annual earnings—believes that the "profit-sharing scheme has made the employees more efficient. It has removed all friction between the company and its employees."

A manufacturing chemist whose plan has been in operation since 1887, paying shares of profits ranging from 5 to 15 per cent of annual earnings, is "not certain that the plan leads directly to increased efficiency, although it apparently tends to increase the permanency of the working force—a factor conducive to increased efficiency." A manufacturer of insulated wires and cables, whose plan appears to be the least arbitrary of all examined, and under which participation dividends ranging from 8 to 20 per cent of wages have been paid since 1901, expresses his opinion as follows: "The plan has a tendency to keep men awake, but not necessarily hustling; however, it does make them more interested in their work. If there is no material difference to the employee he would rather do his work well. Our people are a good deal more permanent now [1915] than they were. This fact is to be attributed to the profit-sharing plan, as we do not penalize our employees for leaving."

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SERIES OF BULLETINS PUBLISHED BY THE BUREAU OF LABOR STATISTICS.

[The publication of the Annual and Special Reports and of the bimonthly Bulletin has been discontinued, and since July, 1912, a Bulletin has been published at irregular intervals. Each number contains matter devoted to one of a series of general subjects. These Bulletins are numbered consecutively in each series and also carry a consecutive whole number, beginning with No. 101. A list of the series, together with the individual Bulletins falling under each, is given below. A list of the Reports and Bulletins of the Bureau issued prior to July 1, 1912, will be furnished on application.]

Wholesale Prices.

No. 1. Wholesale prices, 1890 to 1912. (Bul. 114.)
No. 2. Wholesale prices, 1890 to 1913. (Bul. 149.)
No. 3. Index numbers of wholesale prices in the United States and foreign countries. (Bul. 173.)
No. 4. Wholesale prices, 1890 to 1914. (Bul. 181.)
No. 5. Wholesale prices, 1890 to 1915. (Bul. 200.)

Retail Prices and Cost of Living.

No. 1. Retail prices, 1890 to 1911: Part I. (Bul. 105: Part I.)
Retail prices, 1890 to 1911: Part II—General tables. (Bul. 105: Part II.)
No. 2. Retail prices, 1890 to June, 1912: Part I. (Bul. 106: Part I.)
Retail prices, 1890 to June, 1912: Part II—General tables. (Bul. 106: Part II.)
No. 3. Retail prices, 1890 to August, 1912. (Bul. 108.)
No. 4. Retail prices, 1890 to October, 1912. (Bul. 110.)
No. 5. Retail prices, 1890 to December, 1912. (Bul. 113.)
No. 6. Retail prices, 1890 to February, 1913. (Bul. 115.)
No. 7. Sugar prices, from refiner to consumer. (Bul. 121.)
No. 8. Retail prices, 1890 to April, 1913. (Bul. 125.)
No. 9. Wheat and flour prices, from farmer to consumer. (Bul. 130.)
No. 10. Retail prices, 1890 to June, 1913. (Bul. 132.)
No. 11. Retail prices, 1890 to August, 1913. (Bul. 136.)
No. 12. Retail prices, 1890 to October, 1913. (Bul. 138.)
No. 13. Retail prices, 1890 to December, 1913. (Bul. 140.)
No. 14. Retail prices, 1907 to December, 1914. (Bul. 156.)
No. 15. Butter prices, from producer to consumer. (Bul. 164.)
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No. 1. Wages and hours of labor in the cotton, woolen, and silk industries, 1890 to 1912. (Bul. 128.)
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No. 3. Union scale of wages and hours of labor, 1907 to 1912. (Bul. 131.)
No. 4. Wages and hours of labor in the boot and shoe and hosiery and knit goods industries, 1890 to 1912. (Bul. 134.)
No. 5. Wages and hours of labor in the cigar and clothing industries, 1911 and 1912. (Bul. 135.)
No. 6. Wages and hours of labor in the building and repairing of steam railroad cars, 1890 to 1912. (Bul. 137.)
No. 7. Union scale of wages and hours of labor, May 15, 1913. (Bul. 143.)
No. 8. Wages and regularity of employment in the dress and waist industry of New York City. (Bul. 146.)
No. 9. Wages and regularity of employment in the cloak, suit, and skirt industry. (Bul. 147.)
No. 10. Wages and hours of labor in the cotton, woolen, and silk industries, 1907 to 1913. (Bul. 150.)
No. 11. Wages and hours of labor in the iron and steel industry in the United States, 1907 to 1912. (Bul. 151.)
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No. 14. Wages and hours of labor in the clothing and cigar industries, 1911 to 1913. (Bul. 161.)
No. 15. Wages and hours of labor in the building and repairing of steam railroad cars, 1907 to 1913. (Bul. 163.)
No. 16. Wages and hours of labor in the iron and steel industry, 1907 to 1913. (Bul. 168.)
No. 17. Union scale of wages and hours of labor, May 1, 1914. (Bul. 171.)
No. 18. Wages and hours of labor in the hosiery and underwear industry, 1907 to 1914. (Bul. 177.)
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No. 21. Wages and hours of labor in the cotton, woolen, and silk industries, 1907 to 1914. (Bul. 190.)
No. 22. Union scale of wages and hours of labor, May 1, 1915. (Bul. 194.)
No. 23. Street railway employment in the United States. (Bul. 204.) [In press.